

**ASSOCIATED BRITISH PORTS HOLDINGS LIMITED**

**(Company Number 01612178)**

**ANNUAL REPORT AND ACCOUNTS 2022**

# **ASSOCIATED BRITISH PORTS HOLDINGS LIMITED**

## **ANNUAL REPORT AND ACCOUNTS 2022**

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## Strategic report

The directors present the strategic report of Associated British Ports Holdings Limited for the year ended 31 December 2022.

### 1. Principal activity and strategy

The principal activity of the company is as an intermediate holding company within the group owned by the company's ultimate parent undertaking, ABP (Jersey) Limited ("ABPJ").

The principal activities of the group owned by the company comprise the ownership, operation and development of port facilities and the provision of related services in the United Kingdom ("UK"). The group also provides other transport facilities. The group's principal operating subsidiary is Associated British Ports ("ABP"), a direct subsidiary undertaking of the company.

The group owns 21 general cargo ports around the UK and provides facilities (principally land, quays, storage sheds and warehouses, cargo handling equipment and access to open water) and services (including stevedoring, warehousing and bagging) to users of its ports

### 2. Performance

During the year the company made a net profit of £275.4m (2021: £230.2m). The company's income is derived from interest on amounts due from parent and subsidiary undertakings. The primary driver of performance is the ability of the wider group's main trading group, ABPA Holdings Limited ("ABPAH"), to generate cash flows, as indicated by the following:

	2022	2021
	£m	£m
<b>ABPA Holdings Limited</b>		
Consolidated EBITDA <sup>1</sup>	349.5	310.2
Cash generated by operations	349.8	304.7

<sup>1</sup> Consolidated EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated in accordance with the definitions set out in the group's credit facilities and after excluding certain items

### 3. Position at the end of the year

As at 31 December 2022 the company had net assets of £1,036.9m (2021: £2,061.5m), which includes amounts due from parent and subsidiary undertakings of £933.7m (2021: £1,956.9m).

### 4. Principal risks and uncertainties

The company's main source of risk and uncertainty is the profitability of the wider trading group ultimately owned by ABPJ and the ability of its UK-wide ports and transport operations to generate cash flows. Subject to the profitability of the wider group, the company has limited risk because it predominantly interacts only with fellow group companies. The nature of the interactions is set out in notes 8, 10 and 15 to the accounts.

#### 4.1 Financial risk management

The company's main financial risks are liquidity, credit and capital risk. Treasury matters for the company and the wider group owned by ABPJ are controlled centrally in accordance with policies approved by the Board of the company. The company's liquidity and capital risks, along with credit risk relating to cash, are managed by its immediate parent undertaking, ABP Acquisitions UK Limited. For further details of the company's financial risk management objectives and policies, see note 9 to the accounts.

#### 4.2 Trading group risks and uncertainties

The company's future viability and risk management are ultimately dependent upon the performance of the wider trading group ultimately owned by ABPJ and the ability of its UK-wide ports and transport operations to generate cash flows. Further details of these can be found in the Annual Report and Accounts of ABPAH.

**Strategic report** (continued)**5. Future outlook**

The directors do not foresee any material changes in the principal activity of the company.

**6. Section 172 Statement**

The Board recognises the importance of stakeholder engagement in delivering the long-term and sustainable success of the company. When making decisions, the directors have regard to the potential consequences over the short, medium and long-term, the reputation of the business and also their responsibilities and duties to stakeholders. Key stakeholders for the company are the ABP group's employees, customers, local and national government, suppliers, the communities in which ABP operates, the environment and the group's lenders.

To support the directors and assist them in complying with their duties, management is required to provide feedback on their engagement with relevant stakeholders which the Board takes into account when considering matters and making decisions. Directors receive training on their duties as part of their induction, which is refreshed on an ongoing basis as necessary. The following section outlines how we engage with, and have regard to, each of our key stakeholder groups.

**6.1 Employees**

The group's employees are fundamental to our success, and we cannot deliver our strategy and continue to grow without an engaged, safe, and well-trained workforce. We obtain feedback and views from our employees on a regular basis which enables us to continuously improve and develop, particularly in relation to our health and safety processes and practices.

*What matters to our employees*

- 
- |  |   |
|--|---|
| • A safe and healthy working environment | • Recognition and fair reward                             |
| • Diversity, equality and inclusion      | • Communication   |
| • Growth and development opportunities   | • Correct tools and equipment to perform their roles well |
- 

*How ABP measures*

- 
- |   |  |
|---|--|
| • Lost time accidents and sickness absence rates              | • Employee turnover                    |
| • Gender pay gap and diversity of employees                   | • Employee engagement survey responses |
| • Internal hire rates (including promotions)                  | • 'Spot-Its'                           |
| • Attendees on development programmes and training attendance | • Whistleblowing reports               |
-

**Strategic report** (continued)**6. Section 172 Statement** (continued)**6.1 Employees** (continued)*How ABP engages*

- Weekly ‘Pulse’ newsletter on updates from around the business
- Direct engagement with trade unions
- Regular employee ‘Town Halls’
- Issuing safety alerts and giving ‘toolbox’ talks
- CEO business briefings at port locations and virtually
- Bi-annual Senior Leadership Team conference
- Actioning and reviewing near misses, incidents or concerns identified through the ‘Spot-It!’ portal
- Anonymous employee engagement survey with associated action plans
- Sharing regular information on financial and economic factors affecting the performance of the group

*How the Board complements the engagement efforts*

- CEO and Executive Team led briefings to enable direct feedback and questions
- Oversight of whistleblowing reports by the Board’s Audit and Risk Committee
- Regular visits to ports by Board members with direct engagement with the local workforce
- Updates provided to the Board on engagement survey results

*Actions and Decisions*

- Action plans to address outcomes from employee engagement survey
- Virtual delivery of Beyond Zero 2022 with a focus on reinforcing ABP’s safety culture, and the continued roll-out of ‘Thrive’ behavioural safety training
- Launch of new Employee Recognition Programme, ABP Bravo!
- New ABP mental health and wellbeing policy launched
- Launch of financial wellbeing programme providing financial awareness and education sessions for colleagues

**6.2 Customers**

The group’s future success is dependent on the maintenance and development of its relations with current and potential customers. ABP works closely with our customers at port, regional and corporate level to understand their needs and develop facilities and services to meet their requirements.

*What matters to our customers*

- Building long term sustainable partnerships of mutual value
- Availability of infrastructure and resources to support customer operations
- Clear communication regarding port-based activities
- Sustainability and de-carbonisation of port operations

*How ABP measures*

- Direct customer feedback through day-to-day activities and joint projects
- Net promoter, customer satisfaction, and customer effort scores
- Business growth
- Annual customer engagement survey feedback

**Strategic report** (continued)

**6. Section 172 Statement** (continued)

**6.2 Customers** (continued)

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<i>How ABP engages</i>	
<ul style="list-style-type: none"> <li>• Regular dialogue with our customers to understand current and future challenges</li> <li>• Port user groups to provide a forum for feedback and discussion on key topics</li> <li>• Bi-annual update to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Publication of the Annual Review and bi-annual ‘Report’ magazine</li> <li>• Attending industry events alongside customers and partners</li> <li>• Hosting customer events</li> </ul>
<hr/>	
<i>How the Board complements the engagement efforts</i>	
<ul style="list-style-type: none"> <li>• Meeting with key customer representatives</li> <li>• Considering feedback from customers, including when discussing new projects and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Customer representatives presenting directly to the Board on their business/sector and outlook</li> </ul>
<hr/>	
<i>Actions and Decisions</i>	
<ul style="list-style-type: none"> <li>• Instigation of bi-annual customer updates</li> <li>• New terminal operating system introduced</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in new infrastructure and equipment to support customer activities</li> <li>• Shore power connectivity in Southampton in support of decarbonisation</li> </ul>

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**Strategic report** (continued)**6. Section 172 Statement** (continued)**6.3 Local Authorities and National Government**

ABP has a unique position as the UK's largest port operator and is an essential part of the supply chain for key industries throughout the UK. Government policy in respect of matters such as trade and the environment impact the way that businesses operate and accordingly, engagement with local and national government helps ABP to understand topical issues and to work with both government and our customers on areas of shared interest.

*What matters to Local Authorities and National Government*

- Local/Regional employment opportunities and economic growth
- Support for the Government's climate strategy, including achieving Net Zero by 2050
- Enabling the controlled flow of people and goods into/out of the UK
- Effective support of supply chains for local businesses and industry/agriculture

*How ABP measures*

- Using our strong relationships with local authorities to ensure solutions are delivered within planning requirements
- Targeted surveys of stakeholder perception
- Feedback from discussions on projects, consultations and applications for grant funding
- Ability to deliver business core objectives with consent and support of relevant government bodies

*How ABP engages*

- Directly with leading government departments, including the Department for Transport and the Cabinet Office
- Membership of trade associations and business groups that engage with national government on policy issues e.g. the UK Major Ports Group and Renewable UK
- With executive agencies of the government including the Marine Maritime Organisation and the Environment Agency
- Through regular dialogue with local authorities and Local Enterprise Partnerships
- Hosting engagement events, regionally and centrally

*How the Board complements the engagement efforts*

- Meetings with government representatives
- Consideration of engagement and views of local and national government when reviewing project proposals

*Actions and Decisions*

- Working closely with government on key industry issues, including in relation to supply chain resilience and the green energy transition
- Revision of project proposals to take into account feedback from government stakeholders
- Holding engagement and thought leadership events
- Working with local authorities and Local Enterprise Partnerships to establish Freeports
- Attendance at political party conferences, sponsoring roundtable discussions and webinars and speaking at online conferences on policy issues

**Strategic report** (continued)**6. Section 172 Statement** (continued)**6.4 Suppliers**

ABP relies on its suppliers to provide products and services that enable us to deliver our strategy. We seek to engage the best supply chain partners to sustainably deliver value and performance for the business and we regularly work with local and small businesses in our port communities.

We recognise that strong relationships, regular communication and engagement with our suppliers are key to delivering our projects in a timely and cost-efficient manner and ensuring that specifications are aligned with the needs of the business and our customers.

*What matters to suppliers*

- 
- Clear and transparent communication of requirements and expectations
  - Timely decision making
  - Smooth onboarding of new suppliers
  - Payment in accordance with agreed terms
- 

*How ABP measures*

- 
- By successful outcomes, such as delivery of equipment on time and on budget
  - By seeking regular supplier feedback in respect of payment processes and the use of supplier portal
  - Absence of disputes/unresolved issues
  - Monitoring of payment period for invoices, and delays in the process (e.g. due to failure to match an invoice with a purchase order)
- 

*How ABP engages*

- 
- Through the use of a supplier portal to enable organisations to register and tender for contracts, complete due diligence and correspond directly with ABP
  - Through regular dialogue and close collaboration with suppliers and contractors to ensure projects are delivered on time and in budget
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*How the Board complements the engagement efforts*

- 
- Regular review by the Board's Audit and Risk Committee of credit risk reports
  - Review by the Audit and Risk Committee of whistleblowing reports, which would include any concerns or suspicions of malpractice raised by suppliers
  - Receiving reports on project progress updates and any supplier issues
- 

*Actions and Decisions*

- 
- Operating framework agreements put in place with suppliers to ensure cost efficiency, quality of service and clear terms of engagement
  - Increasing payment methods for suppliers through use of purchasing cards (P cards)
-

**Strategic report** (continued)**6. Section 172 Statement** (continued)**6.5 Communities**

ABP recognises the importance of local communities to its continued success and the impact its decisions can have on those communities across its port estate. We seek to develop relationships based on mutual trust and respect and to understand the issues that matter locally.

<i>What matters to Local Communities</i>	
<ul style="list-style-type: none"> <li>• Being a good neighbour and supporting the local community</li> <li>• Consultation with local community, in particular when significant projects are planned</li> </ul>	<ul style="list-style-type: none"> <li>• Acceptable levels of noise and air pollution</li> <li>• Company's commitment to sustainability</li> <li>• Job creation and contribution to regional economy</li> </ul>
<i>How ABP measures</i>	
<ul style="list-style-type: none"> <li>• Monitoring air quality and greenhouse gas emissions</li> <li>• Tracking social and environmental incidents</li> <li>• Donations to charities and local/national community organisations</li> </ul>	<ul style="list-style-type: none"> <li>• By measuring the group's wider economic impact, principally through:               <ul style="list-style-type: none"> <li>- the value of trade handled at our ports</li> <li>- jobs supported in regions where we operate</li> <li>- the value of our contribution to the economy measured in Gross Value Added ("GVA")</li> </ul> </li> </ul>
<i>How ABP engages</i>	
<ul style="list-style-type: none"> <li>• Feedback from communities and residents on significant project proposals</li> </ul>	<ul style="list-style-type: none"> <li>• Through sponsorship and fundraising by ABP and its employees for a number of charities and community organisations</li> </ul>
<i>How the Board complements the engagement efforts</i>	
<ul style="list-style-type: none"> <li>• Through allocation of budget to support community and charity projects</li> <li>• Investment in sites to mitigate the effect of habitat loss</li> </ul>	<ul style="list-style-type: none"> <li>• Through consideration of local community impacts when project proposals are being reviewed by the Board for approval</li> <li>• Overseeing the group's sustainability strategy</li> </ul>
<i>Actions and Decisions</i>	
<ul style="list-style-type: none"> <li>• ABP sponsorship of marathons in Southampton, Newport, Cardiff and the Humber</li> <li>• Sponsorship of Welsh National Opera</li> <li>• Beach cleaning and tree planting initiatives, including project to plant 21,000 trees, in partnership with Trees for Cities, in celebration of the late Queen's jubilee</li> </ul>	<ul style="list-style-type: none"> <li>• Becoming a member of the Lowestoft Kittiwake Partnership in support of local action to protect kittiwakes, an endangered species</li> <li>• Sponsorship of a variety of regional charities located in the communities where ABP's ports operate</li> <li>• Approval of the group's sustainability strategy</li> </ul>

**Strategic report** (continued)**6. Section 172 Statement** (continued)**6.6 Environment**

ABP is committed to developing its business to meet the needs of its customers in a sustainable way, with due regard for both its operations and the environment. Engaging with stakeholders is key to supporting our planning and licence applications and ensuring we are able to meet legislative requirements. When planning projects, ABP also works with stakeholders to ensure sustainability and mitigate or reduce the impact of its projects on the environment where possible.

*What matters in respect of the Environment*

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|--|---|
| <ul style="list-style-type: none"> <li>• Reducing greenhouse gas emissions (“GHG”) and carbon emissions</li> <li>• Promotion of biodiversity/protection of wildlife</li> </ul> | <ul style="list-style-type: none"> <li>• Air quality and pollution control</li> <li>• Noise control/reduction</li> <li>• Effective waste management practices, minimizing environmental impact</li> </ul> |
|--|---|

*How ABP measures*

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Air and water quality monitoring</li> <li>• Tracking and monitoring waste</li> <li>• Tracking key GHG reduction metrics</li> </ul> | <ul style="list-style-type: none"> <li>• Monitoring energy performance</li> <li>• ISO 14001 and 50001 Energy Management certification across all ports and terminals</li> </ul> |
|---|---|

*How ABP engages*

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Engaging with key environmental stakeholders, the Environment Agency, the Department for Environment, Food &amp; Rural Affairs and the Marine Management Organisation in respect of major projects and initiatives</li> </ul> | <ul style="list-style-type: none"> <li>• Attendance at local port user groups to understand the key issues faced by port users and give feedback on how any environmental issues or concerns are being addressed</li> <li>• Member of the Zero Carbon Humber initiative</li> </ul> |
|--|--|

*How the Board complements the engagement efforts*

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Development and oversight of the ABP strategy which includes renewable energy generation and storage as a key strategic direction</li> <li>• Continued investment in renewable energy projects and infrastructure</li> </ul> | <ul style="list-style-type: none"> <li>• Consideration of the environmental impact as a key aspect of the decision-making process, particularly in all major project decisions</li> <li>• Approval of ABP’s first sustainability strategy and oversight of implementation and progress</li> </ul> |
|---|---|

*Actions and Decisions*

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Approval of a green hydrogen production plant project on the Humber and other projects supporting renewable energy</li> <li>• Development of ABP’s first sustainability strategy with a target of reaching Net Zero by 2040</li> </ul> | <ul style="list-style-type: none"> <li>• Purchase of lower emission plant and equipment pursuant to ABP’s strategy</li> <li>• Roll out of Institute of Environmental Management and Assessment accredited training by the ABP Academy</li> </ul> |
|---|--|

**Strategic report** (continued)**6. Section 172 Statement** (continued)**6.7 Lenders**

The group raises debt and undertakes related hedging with a number of counterparties. Sources of debt and facilities include public capital markets issuances, loans and private placements. We recognise the importance of providing these stakeholders with information to ensure they are kept up to date with the development, growth and strategy of the business and continue to recognise the benefits of investing in ABP.

*What matters to our lenders*

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Debt service and covenant compliance</li> <li>• Clear and transparent communication</li> <li>• Regular updates on performance</li> <li>• Access to management</li> </ul> | <ul style="list-style-type: none"> <li>• Credit ratings of ABP Finance Plc and ABP Acquisitions UK Limited</li> <li>• Insight into the drivers of performance and business growth</li> </ul> |
|---|--|

*How ABP measures*

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Through positive relationships with lenders and an understanding of the main drivers behind investing in ABP</li> </ul> | <ul style="list-style-type: none"> <li>• Loan covenant compliance monitoring</li> <li>• Reporting by rating agencies</li> </ul> |
|--|---|

*How ABP engages*

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• By providing regular information on the group's performance, major investments and other forward-looking data to lenders</li> </ul> | <ul style="list-style-type: none"> <li>• By directly engaging with lenders through an annual update as well as regular calls and meetings as required</li> </ul> |
|--|--|

*How the Board complements the engagement efforts*

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|---|
| <ul style="list-style-type: none"> <li>• By agreeing the strategy for the long-term capital requirements and the financing methods available</li> </ul> |
|---|

*Actions and Decisions*

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Continuing to manage ABP's debt portfolio in line with the Board agreed strategy</li> </ul> | <ul style="list-style-type: none"> <li>• New group long-term debt issuances; a new £40m floating rate loan and a £100m US private placement in 2022</li> </ul> |
|--|--|

**7. Principal and Strategic Decisions**

Outlined below are examples of principal and strategic decisions which have been taken by the Board during the year and how they have had regard to the interests of stakeholders. The investment decisions shown were endorsed by the group's shareholders, who were supportive of management's proposals.

**7.1 Customer Investment**

*Stakeholders, Issues and Factors Considered: Customers, Infrastructure Investment, UK Government, Local Communities, Environment, Long Term Impact*

Throughout the year, the Board has considered and approved a number of capital expenditure projects which support customers across the regions. One such example was the approval of a project, in partnership with Air Products, a large industrial gases producer and distributor, to develop a green hydrogen production facility at the Port of Immingham. Under the proposals ABP would contribute significant capital expenditure in new infrastructure to develop and construct a new deep-water riverside jetty to handle green ammonia imports.

**Strategic report** (continued)**7. Principal and Strategic Decisions** (continued)**7.1 Customer Investment** (continued)

Air Products would make a substantial investment in the hydrogen plant and associated plant and equipment on ABP land. The jetty would also be designed to accommodate other cargoes connected to the energy transition, including the import of liquified CO<sub>2</sub> from carbon capture and storage projects, for sequestration in the North Sea. The investment would be underpinned by the customer entering into a long-term contract and lease, which would generate a long-term revenue stream for the group.

In making the decision to proceed with the project, the Board received in depth management proposals following negotiations with the customer, internal assessments and financial modelling and considered key factors, including environmental impacts. In addition to the commercial and strategic rationale for the project which enhances shareholder value, the benefits of the project include supporting the UK Government's plans for a low-carbon economy, significant growth and benefits to the local region, including the provision of jobs for supply chains and local businesses, and the elimination of significant greenhouse gas emissions.

**7.2 Strategic Acquisition**

*Stakeholders, Issues and Factors Considered: Shareholder Value, Long Term Impact, Customers, UK Government*

During the year the Board approved the acquisition by ABP Midco UK Limited, of Solent Gateway Limited ("SGL"), the operator of Marchwood Port (Marchwood) on Southampton Water. SGL operates Marchwood under a long-term agreement with the Ministry of Defence, which owns the port. The acquisition provides SGL with the investment to secure delivery of Marchwood's port development plan, paves the way for development that would upgrade Marchwood's capabilities as a logistics facility for the Ministry of Defence, and will support local job creation.

In making the decision to acquire SGL, the Board particularly considered the long-term strategic potential of Marchwood for the group and the addition of facilities and land in close proximity to the Port of Southampton, which will support customer growth and strengthen the Solent region's place as an important export hub for UK business and trade.

**7.3 Sustainability Strategy**

*Stakeholders, Issues and Factors Considered: Environment, Employees, Customers, Local Communities, Business Reputation*

ABP is committed to supporting progress towards the UK's legal commitment to net zero greenhouse gas emissions ("GHG") by 2050 and we continue to invest in assets, facilities and ways of working that will reduce ABP's carbon footprint and improve the environments in which we operate. In addition, we believe it is important to support our customers in building more sustainable supply chains, encouraging more freight movement by rail and water and supporting the increasing use of renewable energy.

During 2022, the Board approved a sustainability strategy for the group, focussed on reduction of GHG emissions and energy efficiency, air quality, protection of the natural environment, waste management and water management. The strategy includes a target of becoming a net zero business by 2040 (across Scope 1 and Scope 2 emissions). In formulating the strategy, a number of consultations were held with directors, the group's shareholders and employee representatives to gather feedback and ideas, many of which were included as part of the climate transition roadmap. Feedback from discussions with large customers on their energy transition plans was also taken into account.

**Strategic report** (continued)

**7.3 Sustainability Strategy** (continued)

Considerations for the Board, when approving the proposal, included the feedback received from the consultations, consequences of the decision and the impact over the longer term, the risks and opportunities for the business which arise from climate change, the potential financial implications of meeting the sustainability targets, and the reputation of the group for setting high standards in conducting its operations.

By Order of the Board



**MM Wyatt**  
**Director**  
**6 April 2023**

**Directors' report**

The directors present the report and the audited company accounts of Associated British Ports Holdings Limited (number 01612178) for the year ended 31 December 2022.

**Registered office**

The company's registered office is 25 Bedford Street, London, WC2E 9ES.

**Directors**

The directors who served during the year and to the date of this report were as follows:

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Barr, RN		
Bryce, JA		
Burganov, K[1]	(appointed 15 March 2022)	
Butcher, PG[2]		
Castelein, AS	(appointed 23 June 2022)	
Lupo, L	(appointed 23 January 2023)	
Machiels, EPM		
Maheshwari, P	(resigned 23 January 2023)	
Newell, HM	(resigned 15 March 2022)	
Noergaard, B		
Nolan, PMG		
Pedersen, HL		
Pesttrak, GS		
Pugh, SN	(resigned 23 June 2022)	
Quinlan, AJ		
Wyatt, MM		
Gawron, AA	(alternate to R Barr, EPM Machiels and P Maheshwari)	(resigned on 15 March 2022)
Jabbour, M	(alternate to R Barr, EPM Machiels and P Maheshwari)	(appointed 15 March 2022 and resigned 22 September 2022) (appointed 22 September 2022. Appointment as alternate to P Maheshwari ceased on 23 January 2023. Appointed as alternate to L Lupo on 23 January 2023)
Onarheim, HOA	(alternate to R Barr, EPM Machiels and P Maheshwari and L Lupo)	
Paris J-FM	(alternate to G Pesttrak)	
Pugh, SN	(alternate to A S Castelein)	(appointed 23 June 2022)
Williams, CI	(alternate to PG Butcher)	(appointed 22 September 2022)

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<sup>1</sup> Also alternate to AJ Quinlan. In addition, K Burganov was alternate to HM Newell until HM Newell's resignation on 15 March 2022.

<sup>2</sup> Also alternate to JA Bryce and B Noergaard. In addition, PG Butcher was alternate to SN Pugh until SN Pugh's resignation as a director on 23 June 2022

## Directors' report (continued)

### Directors' indemnities

ABP (Jersey) Limited maintains directors' and officers' liability insurance and pension fund trustees' liability insurance which give appropriate cover for any legal action brought against the directors and officers of the company. In addition, the Articles of Association of the company permit the directors and officers of the company to be indemnified in respect of liabilities incurred as a result of their office.

Qualifying third party indemnity provisions (as defined by s.234 of the Companies Act 2006) for the benefit of directors and officers were in force for all directors and officers during the year and remain in force in relation to certain losses and liabilities which directors and officers may incur (or have incurred) in connection with their duties, powers or office.

### Dividends

The company paid interim dividends to its immediate shareholder, ABP Acquisitions UK Limited, totalling £1.3bn during the year. The directors do not recommend the payment of a final dividend.

### Future outlook

The directors do not foresee any material changes in the principal activity of the company.

### Matters disclosed in the strategic report

The directors have chosen to disclose the following matters in the strategic report:

- Financial risk management objectives and policies and details of the company's exposure to liquidity, interest rate, foreign exchange, credit and capital risk and other risk disclosures; and
- Engagement with suppliers, customers and others in a business relationship with the company and the principal and strategic decisions taken during the year.

### Auditor re-appointment

In accordance with s.487 of the Companies Act 2006, the auditor is deemed to have been re-appointed and Ernst & Young LLP will therefore continue as auditor to the company.

### Audit information

The directors of the company at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and the company's auditor, each of these directors confirms that:

- so far as he or she is aware, there is no relevant audit information (that is, information needed by the company's auditor in connection with preparing his report) of which the company's auditor is unaware;
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- each director is aware that it is an offence to make a knowingly false statement.

By Order of the Board



**AM Morgan**  
**Secretary**  
**25 Bedford Street**  
**London, WC2E 9ES**  
**6 April 2023**

## **Statement of directors' responsibilities in respect of the preparation of the annual report and accounts**

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the company accounts in accordance with UK adopted International Accounting Standards ("IAS"). Under company law, the directors must not approve accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company. In preparing those accounts, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IASs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether IAS, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy, at any time, the financial position of the company at that time, and to enable them to ensure that the company accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH PORTS HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of Associated British Ports Holdings Limited (the company) for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH PORTS HOLDINGS LIMITED** (continued)

**Other information** (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH PORTS HOLDINGS LIMITED** (continued)

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are 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 (UK) 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.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Companies Act 2006 and UK adopted international accounting standards)
- We understood how Associated British Ports Holdings Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit and Risk Committee and noted that there was no contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility of fraud. We also considered performance targets and their influence on efforts made by management to manage Key Performance Indicators. Where this risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the Audit and Risk Committee on compliance with regulations, enquiries of Legal Counsel and of Management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH PORTS HOLDINGS LIMITED** (continued)

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Steven Lunn', with a stylized flourish at the end.

Steven Lunn (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

7 April 2023

**Income statement for the year ended 31 December**

	Note	2022 £m	2021 £m
Administrative (expenses)/release	2,3	(3.1)	2.7
<b>Operating (loss)/profit</b>		<b>(3.1)</b>	<b>2.7</b>
Finance income	5	304.3	254.1
<b>Profit before taxation</b>		<b>301.2</b>	<b>256.8</b>
Taxation charge	6	(25.8)	(26.6)
<b>Profit for the year attributable to equity shareholder</b>		<b>275.4</b>	<b>230.2</b>

All results are derived from continuing operations in the United Kingdom.

**Statement of comprehensive income for the year ended 31 December**

There was no other comprehensive income during the year or prior year. Total comprehensive income is represented by the profit for the year.

**Balance sheet as at 31 December**

	Note	2022 £m	2021 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	146.5	146.5
Group and other receivables	8	615.8	632.7
		<b>762.3</b>	<b>779.2</b>
<b>Current assets</b>			
Group and other receivables	8	324.2	1,329.5
Cash and cash equivalents		-	-
		<b>324.2</b>	<b>1,329.5</b>
<b>Total assets</b>		<b>1,086.5</b>	<b>2,108.7</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Group and other payables	10	(30.6)	(30.3)
Provisions	11	(15.2)	(14.7)
		<b>(45.8)</b>	<b>(45.0)</b>
<b>Non-current liabilities</b>			
Group and other payables	10	(3.8)	(2.2)
		<b>(3.8)</b>	<b>(2.2)</b>
<b>Total liabilities</b>		<b>(49.6)</b>	<b>(47.2)</b>
<b>Net assets</b>		<b>1,036.9</b>	<b>2,061.5</b>
<b>Shareholder's equity</b>			
Share capital	12	77.5	77.5
Share premium		130.6	130.6
Capital redemption reserve		25.5	25.5
Retained earnings		803.3	1,827.9
<b>Total shareholder's equity</b>		<b>1,036.9</b>	<b>2,061.5</b>

The financial statements were approved by the Board and signed on its behalf on 6 April 2023 by:

**MM Wyatt**  
**Director**

**Statement of cash flows for the year ended 31 December**

	Note	2022 £m	2021 £m
<b>Cash flows from operating activities</b>			
Cash generated by operations	14	-	-
Interest received	15	29.8	13.0
<b>Net cash inflow from operating activities</b>		<b>29.8</b>	<b>13.0</b>
<b>Cash flows from financing activities</b>			
New loans advanced		(251.0)	(197.0)
Loans repaid		221.2	184.0
<b>Net cash outflow from financing activities</b>		<b>(29.8)</b>	<b>(13.0)</b>
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

## Statement of changes in equity for the year ended 31 December

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
At 1 January 2022	77.5	130.6	25.5	1,827.9	2,061.5
Profit for the year	-	-	-	275.4	275.4
<b>Total comprehensive income for the year</b>	-	-	-	<b>275.4</b>	<b>275.4</b>
Dividend	-	-	-	(1,300.0)	(1,300.0)
<b>At 31 December 2022</b>	<b>77.5</b>	<b>130.6</b>	<b>25.5</b>	<b>803.3</b>	<b>1,036.9</b>

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
At 1 January 2021	77.5	130.6	25.5	1,797.7	2,031.3
Profit for the year	-	-	-	230.2	230.2
<b>Total comprehensive income for the year</b>	-	-	-	<b>230.2</b>	<b>230.2</b>
Dividend	-	-	-	(200.0)	(200.0)
<b>At 31 December 2021</b>	<b>77.5</b>	<b>130.6</b>	<b>25.5</b>	<b>1,827.9</b>	<b>2,061.5</b>

**Capital redemption reserve**

The capital redemption reserve is a reserve to record the nominal value of shares repurchased.

Details of share capital are provided in note 12, and details of dividends are provided in note 13.

## Notes to the financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost basis.

The financial statements are presented in sterling and all values are rounded to the nearest tenth of a million (£m) except where otherwise indicated. The financial statements provide comparative information in respect of the previous period.

##### *Going concern basis*

The directors have carried out a review, including consideration of appropriate forecasts and sensitivities, which indicates that the company will have adequate resources to continue to trade for the foreseeable future. In particular the directors have considered the following:

- The company has net current assets of £278.4m including amounts due from the parent undertaking of £311.8m
- The company has net assets of £1,036.9m including amounts due from subsidiary undertakings of £621.9m

The company's future viability is ultimately dependent upon the performance of the wider trading group owned by the company's immediate parent undertaking, ABPA Holdings Limited ("ABPAH"), and group management's decisions on the flow of capital.

The group's business plan was developed taking in consideration the impact of the ongoing war in Ukraine and the current economic crisis, driven by macro-economic factors, and their impact on business performance. Management continues to monitor the impact of these factors and their potential business impacts and do not expect them to adversely impact the going concern assumption, based on the significant proportion of revenue that is contractually guaranteed, limited impact from them on 2022 performance, and the company's ability to take effective mitigating actions to counter downside scenarios. The company has demonstrated the ability to deliver cost control measures and cost saving initiatives and to establish strict criteria for capital investment. Management will continue to forecast the company's results as new information becomes available and have modelled different scenarios, including a downside scenario, where headroom against the leverage covenant becomes limited within the going concern period, before mitigating actions are applied. If the actual results are significantly worse than forecast, the group has the option of pursuing further mitigating measures that are under its own control to cut costs and preserve cash. These include further reductions in variable staff and other variable costs to match reduced activity, delaying or holding back its capital programme, reassess interest payments to shareholders and, if the downside period persists, structurally reviewing costs for further savings. As a result of the successful actions taken in the past and having identified contingency plans to react to potential adverse scenarios, management have concluded that the group should generate sufficient cash and EBITDA to continue as a going concern and to avoid breaching its loan covenants.

## Notes to the financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation

##### *Going concern basis (continued)*

Liquidity risk is principally managed by maintaining cash and borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the expected future needs of the group. As at 31 December 2022, the group had access to £280m of committed and undrawn borrowing facilities, which are available for between two and four years. Debt maturities are spread over a range of dates, ensuring the group is not exposed to a material refinancing in any one year (see note 9 on financial risk management). In addition, the group has in place £160m of debt service reserve liquidity facilities to cover annual interest costs. These are renewed annually and are drawn with a final maturity of 2028 if not renewed. The group has debt falling due for repayment during the period to 30 June 2024 of £420m, including £328.4m included in current liabilities. The group plans to raise additional debt to repay the maturing facilities and is confident of doing so given the group's strong track record of refinancing its debt facilities over time. £100m has already been refinanced in 2023. However, in the unlikely event that the group is not able to raise new finance as planned due to circumstances outside its control, the available committed undrawn facilities are sufficient to repay all of the debt falling due. Further, the group would also consider delaying interest payments to shareholders if required to maintain a sufficient liquidity buffer to mitigate unexpected events.

Given the nature, maturity dates and counterparties of the company's liabilities as well as the group's track record of its ability to refinance debt and generate cash flows, notwithstanding the impact of the external economic environment, the directors are confident that the group and the company have the ability to continue to meet their liabilities as they fall due until 30 June 2024 and therefore the financial statements have been prepared on a going concern basis.

##### *Consolidation exemption*

These separate financial statements contain information about Associated British Ports Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption available under s400 of the Companies Act 2006, from the requirement to prepare and deliver consolidated financial statements, as the results of the group are included in the consolidated financial statements of its intermediate parent undertaking, ABPA Holdings Limited, which are available from 25 Bedford Street, London, WC2E 9ES.

##### **Statement of compliance**

These financial statements have been prepared in accordance with UK adopted International Accounting Standards.

#### 1.2 Changes in accounting policies

##### **New standards and amendments adopted**

No new standards effective for the first time for the annual reporting period commencing 1 January 2022 have a material impact on the consolidated financial statements of the company.

**Notes to the financial statements****1. Accounting policies** (continued)**1.2 Changes in accounting policies** (continued)**New standards, amendments and interpretations issued but not yet effective**

The IASB and IFRIC have issued a number of standards, amendments and interpretations with an effective date of implementation for accounting periods beginning after the start of the company's current financial year. The directors do not anticipate that the adoption of these new standards, amendments and interpretations will have a material impact on the company's financial statements in the period of initial application.

The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**1.3 Critical estimates, judgements and assumptions**

The preparation of the company's financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

**Judgements**

In the process of applying the company's accounting policies, the directors have made the following judgement which has the most significant effect on the amounts recognised in the financial statements:

**Recoverability of financial assets**

Group receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Ultimate realisation of principal balances depends on the performance of ABPA Holdings Limited's ("ABPAH") underlying trading group and the ability of the UK-wide ports and transport operations to generate cash flows. For the year ended 31 December 2022 the ABPAH group had consolidated EBITDA, calculated in accordance with the group's credit facilities, as disclosed in the strategic report of £349.5m and cash generated by operations of £349.8m. The group's strategic plan indicates that a strong performance is forecast to continue in the future. Further attention is drawn to the company's and group's approach to risk and capital management which is set out in the company's strategic report. The directors believe that the group receivables are recoverable.

The directors believe that there are no other areas of the company's accounting policies involving a high degree of judgement or complexity nor are there any areas where assumptions and estimates are significant to the financial statements.

**1.4 Significant accounting policies**

The directors consider the following to be the most important accounting policies in the context of the company's operations.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.4 Significant accounting policies (continued)

##### Financial instruments

The company measures financial assets at amortised cost if both of the following conditions are met:

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

Group and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses (“ECLs”).

At each reporting date, the company performs an impairment analysis for all group and other receivables to measure the allowance for ECLs. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for default events that are possible within the next 12 months. For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is calculated for credit losses expected over the remaining life of the exposure, irrespective of the expected timing of the default.

The provision for expected credit losses of receivables are recorded within administrative expenses.

Group and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

#### 1.5 Other accounting policies

##### Investments

Investments in subsidiaries are stated at cost. The company assesses at each reporting date whether there is any indication that the investment may be impaired. If any indication exists the company estimates the asset’s recoverable amount which is the higher of its fair value less costs of disposal and its value in use.

##### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences, except to the extent that the deferred tax asset or liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit.

Temporary differences are differences between the tax base value of assets and liabilities and their carrying amount as stated in the financial statements. These arise from differences between the valuation, recognition and amortisation bases used in tax computations compared with those used in the preparation of financial statements.

**Notes to the financial statements****1. Accounting policies** (continued)**1.5 Other accounting policies** (continued)**Taxation** (continued)

Deferred tax assets or liabilities are measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to facilitate the realisation of such assets.

**Provisions**

Provisions are recognised when the company has an obligation in respect of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. Provisions are discounted when the time value of money is considered material.

**Dividends**

Dividend receipts and payments are recognised in the period when they become a binding obligation on the paying company.

**2. Operating Profit****Operating profit is stated after crediting:**

	2022	2021
	£m	£m
<b>Expected credit losses</b>		
Expected credit losses of trade and other receivables released	1.4	6.4

**3. Audit Fees**

Fees payable to Ernst & Young LLP the company's auditor, are detailed below and have been borne by a subsidiary undertaking.

	2022	2021
	£'000	£'000
Fees payable to the company's auditor for the audit of the company's annual accounts	6	5

## Notes to the financial statements

## 4. Directors and employees

Staff costs are analysed as follows:

	2022	2021
	£m	£m
<b>Staff costs</b>		
Wages and salaries	3.2	3.1
Social security costs	0.6	0.5
<b>Total staff costs</b>	<b>3.8</b>	<b>3.6</b>

The monthly average number of people employed during the year was two (2021: two).

Directors' emoluments are analysed as follows:

	2022	2021
	£m	£m
<b>Emoluments paid to directors of the company</b>		
Short-term employee benefits	3.0	2.9
Post-employment benefits	0.1	0.1
<b>Total directors' emoluments</b>	<b>3.1</b>	<b>3.0</b>

Emoluments comprise amounts paid to the directors of the company by the company, with one director being paid by an immediate subsidiary undertaking.

	2022	2021
	£m	£m
<b>Key management compensation</b>		
Short-term employee benefits	3.0	2.9
Post-employment benefits	0.1	0.1
<b>Total key management compensation</b>	<b>3.1</b>	<b>3.0</b>

Key management comprises the directors of the company.

Three (2021: three) directors of the company are eligible to join the Legal & General Workplace Mastertrust Pension Plan. At 31 December 2022, no (2021: no) director is a member of the Legal & General Workplace Mastertrust Pension Plan and two (2021: two) directors received an allowance for contributions towards their own pension arrangements unconnected with the group.

	2022	2021
	£m	£m
<b>Highest paid director</b>		
Short-term employee benefits	1.5	1.4
Post-employment benefits	0.1	0.1
<b>Total highest paid director</b>	<b>1.6</b>	<b>1.5</b>

For further disclosure of amounts paid to the shareholders for the directors of the company, refer to note 15.

## Notes to the financial statements

## 5. Finance income

	2022	2021
	£m	£m
Interest on amounts due from parent undertaking	86.1	88.7
Interest on amounts due from subsidiary undertaking	36.1	35.4
Dividend income	182.1	130.0
<b>Net finance income</b>	<b>304.3</b>	<b>254.1</b>

## 6. Taxation charge

	2022	2021
	£m	£m
<b>Analysis of charge for the year</b>		
Current tax	25.8	26.6
<b>Taxation</b>	<b>25.8</b>	<b>26.6</b>

Current taxation for the current and prior year represents a charge for group relief surrendered to parent undertaking, with amounts being deducted from amounts due from related parties.

The taxation charge for the year is lower than the standard rate of taxation in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022	2021
	£m	£m
<b>Profit before taxation</b>	<b>301.2</b>	<b>256.8</b>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	57.2	48.8
Effects of:		
Items not chargeable to tax	(31.4)	(22.2)
<b>Total tax charge for the company</b>	<b>25.8</b>	<b>26.6</b>
<b>Effective tax rate</b>	<b>8.5%</b>	<b>10.4%</b>
<b>Total tax charge for the company</b>	<b>25.8</b>	<b>26.6</b>
Effects of permanent differences:		
Related party debt - disregarded	(3.2)	(2.5)
Dividend income	34.6	24.7
<b>Tax charge for the company after removing permanent differences</b>	<b>57.2</b>	<b>48.8</b>
<b>Tax rate after permanent differences</b>	<b>19.0%</b>	<b>19.0%</b>

The items not deductible for tax related to dividend income and related party debts.

## Notes to the financial statements

## 7. Investments

<b>Investment in subsidiary undertakings</b>	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
At 1 January	<b>146.5</b>	146.5
<b>At 31 December</b>	<b>146.5</b>	146.5

Details of subsidiary undertakings are provided in note 17. The company has direct investments in Associated British Ports, ABP Marine Environmental Research Limited, Associated British Ports Investments Limited, ABP (Aldwych) Limited, ABP Security Limited, ABPH Marine (Guernsey PCC Limited, American Port Services Holdings Limited, Amports Holdings Limited, ABP Nominees Limited, Immingham Bulk Terminal Limited and ABP Quest Trustees Limited. Following the impairment assessment for the ABPAH group goodwill (see note 8 to the ABPAH consolidated accounts) the directors have assessed the impairment of investments on a similar basis, using the same assumptions, because the recoverable amount from the investments is based on the performance of the ports and transport CGU. The directors are satisfied that the recoverable amount is greater than the carrying amount of investments in subsidiaries. No reasonable change in assumptions could result in impairment.

## 8. Group and other receivables

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current</b>		
Amounts due from subsidiary undertakings	<b>616.0</b>	633.2
Provision for expected credit losses on intercompany receivables	<b>(0.2)</b>	(0.5)
<b>Total non-current trade and other receivables</b>	<b>615.8</b>	632.7
<b>Current</b>		
Amounts due from parent undertaking	<b>311.8</b>	1,317.8
Amounts due from subsidiary undertaking	<b>5.9</b>	5.9
Provision for expected credit losses on intercompany receivables	<b>(0.2)</b>	(1.3)
Other receivables	<b>6.7</b>	7.1
<b>Total current trade and other receivables</b>	<b>324.2</b>	1,329.5

Non-current amounts due from subsidiary undertakings primarily relate to a loan receivable from Associated British Ports, the company's immediate subsidiary undertaking. Current amounts due from parent undertaking relates to a balance with ABP Acquisitions UK Limited.

Amounts due from subsidiary and parent undertakings are not overdue for repayment and are not considered to be impaired. Management has undertaken an impairment analysis model to estimate the Expected Credit Losses ("ECL") that are possible from default events over the next twelve months and an allowance for impairment of £0.4m has been recognised. For further details see note 9.

The most sensitive inputs to the impairment analysis is the probability of default ("PD") based on industry averages, which for 2022 meant a marginal PD of 0.12%, and the Loss Given Default ("LGD"), also based on industry averages, which for 2022 meant a LGD of 80%.

An increase in the PD of 0.5% pts would increase the ECL by £2.9m. Additionally, an increase in the LGD of 10% pts would increase the ECL by £0.1m.

## Notes to the financial statements

### 8. Group and other receivables (continued)

Other receivables comprise amounts due from external insurers for insurance claims which have been accepted by the insurers but not settled. These amounts are not overdue for payment and are not considered to be impaired.

Disclosure of the financial risks related to these financial instruments is set out in note 9. The company does not hold any collateral as security. The company's receivables are denominated in sterling.

### 9. Financial instruments

The company's policies regarding financial instruments are set out in the accounting policies in note 1. Risk and numerical disclosure is set out below.

#### Fair value of financial instruments

The fair value of financial assets and liabilities are an estimate of the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts of financial assets and financial liabilities in the financial statements approximate to their fair value. The following methods and assumptions were used to estimate the fair values:

- The fair value of amounts due from Associated British Ports and ABP Acquisitions UK Limited approximates to their carrying amounts as interest charged is linked to the group's weighted average cost of debt.
- The fair value of cash and cash equivalents, current group and other receivables and current group and other payables approximates to their carrying amounts due to the short-term maturities of these instruments.

#### Financial risk management

Treasury matters throughout the group of which the company is a member are controlled centrally and carried out in compliance with policies approved by the Board of the company. The Board of the company monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge financial risks inherent in the group's business operations and capital structure. The company's main financial risks are liquidity, credit and capital risk. The wider group owned by ABP (Jersey) Limited ("ABPJ"), aims to manage these risks to an acceptable level.

#### *Liquidity risk*

Liquidity risk is managed by the wider group, owned by ABPJ, maintaining borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the future needs of the group. Management monitors rolling forecasts of the group's liquidity reserve (comprised of committed undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

**Notes to the financial statements****9. Financial instruments** (continued)**Financial risk management** (continued)

The table below analyses the company's financial liabilities carried at amortised cost, based on undiscounted contractual payments:

	<b>2022</b>	<b>2021</b>
<b>Financial liabilities</b>	<b>£m</b>	<b>£m</b>
Not later than one year	<b>30.6</b>	30.3
More than one year but not more than two years	<b>3.8</b>	2.2
<b>Total payments</b>	<b>34.4</b>	32.5

The company did not have direct access to any undrawn borrowing facilities at 31 December 2022 (2021: £nil). The company can access committed undrawn borrowings through its immediate parent undertaking, ABP Acquisitions UK Limited as set out in the table below:

	<b>2022</b>	<b>2021</b>
<b>Undrawn borrowing facilities</b>	<b>£m</b>	<b>£m</b>
Expiring in:		
More than one year but not more than two years	<b>50.0</b>	-
More than two years but not more than five years	<b>230.0</b>	350.0
<b>Undrawn borrowing facilities</b>	<b>280.0</b>	350.0

*Credit risk*

Credit risk with banks and financial institutions is managed by the wider group. The group monitors the credit risk of banking counterparts, tracking credit default swap rates and credit ratings of actual and potential counterparties. Cash deposits of the group at the year-end were all with counterparties with a credit rating of A3 or better and the weighted average maturity of deposits was 1 day from 31 December 2022.

An impairment analysis is performed at each reporting date to determine the expected credit losses. The analysis reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current condition and forecasts of future economic conditions. Based on the impairment analysis the provision for loss allowance measured at an amount equal to the 12-month expected credit losses for the year ended 31 December 2022 was £0.4m (2021: £1.8m).

Given the counterparties of group and other receivables, as set out in note 8, the directors consider the company's exposure to credit risk, other than amounts already provided for, to be minimal. The maximum exposure to credit risk at 31 December 2022 for group and other receivables is the carrying value of each class of receivable.

*Capital risk*

The company finances itself with retained earnings of £803.3m (2021: £1,827.9m). The company's immediate parent undertaking, ABP Acquisitions UK Limited, also has committed but undrawn facilities totalling £280.0m (2021: £350.0m). The company keeps its funding structure under review with a view to maximising shareholder value and to ensure that it has the resources and the capacity to meet its operational requirements and to facilitate the execution of its strategy.

## Notes to the financial statements

## 10. Group and other payables

	2022	2021
	£m	£m
<b>Current</b>		
Amounts due to subsidiary undertakings	29.6	29.6
Accruals	1.0	0.7
<b>Total current trade and other payables</b>	<b>30.6</b>	<b>30.3</b>
<b>Non-current</b>		
Accruals	3.8	2.2
<b>Total non-current trade and other payables</b>	<b>3.8</b>	<b>2.2</b>

Disclosure of the financial risks related to these financial instruments is set out in note 9. The company's payables are denominated in sterling.

## 11. Provisions

	2022	2021
	£m	£m
<b>Provisions</b>		
At 1 January	14.7	9.3
Charged during the year	2.1	6.3
Utilised in the year	(1.6)	(0.9)
<b>At 31 December</b>	<b>15.2</b>	<b>14.7</b>
Expected utilisation within one year	15.2	14.7

Provisions are designated as current liabilities.

The provisions relate to liabilities for certain third party claims relating primarily to property, employer's liabilities and general third party liabilities that are made against other group undertakings that are accepted and settled when appropriate by the company. Amounts due from external insurers for insurance claims which have been accepted by the insurers but not settled are recorded in other receivables (note 8)

## 12. Share capital

	2022	2021
	£m	£m
<b>Shares</b>		
Issued and fully paid		
310,010,453 (2021: 310,010,453) ordinary shares of £0.25 each	77.5	77.5

## 13. Dividends

During the year the company paid interim dividends to its immediate shareholder, ABP Acquisitions UK Limited, totalling £1.3bn (2021: £200m). This consisted of two dividends of £300m equivalent to £0.97 per share and £1bn equivalent to £3.23 per share (2021: one dividend of £200m equivalent to £0.64 per share).

## Notes to the financial statements

## 14. Cash flow reconciliations

Reconciliation of profit before taxation to cash generated by operations:	2022 £m	2021 £m
Profit before taxation	301.2	256.8
Interest income	(122.2)	(124.1)
Dividend income	(182.1)	(130.0)
Increase in provisions	0.5	5.4
<b>Operating cash flows before movements in working capital</b>	<b>(2.6)</b>	<b>8.1</b>
Increase/(decrease) in trade and other receivables	0.7	(9.3)
Increase in trade and other payables	1.9	1.2
<b>Cash generated by operations</b>	<b>-</b>	<b>-</b>

## 15. Related party transactions

During the year 12 (2021: 14) of the directors of the company were representatives of the shareholders of the ultimate parent undertaking, ABP (Jersey) Limited. Each shareholder is entitled to receive fees for the services of these directors and the fees earned during the year were as follows:

	2022 £	2021 £
OMERS Infrastructure (on behalf of Borealis ABP Holdings B.V. and Borealis Ark Holdings B.V.)	105,000	105,000
Cheyne Walk Investment Pte Limited	70,000	70,000
Kuwait Investment Authority	-	-
Wren House Infrastructure GP LLP (acting in its capacity as general partner of Wren House Infrastructure LP) <sup>1</sup>	35,000	35,000
CPP investment Board Private Holdings (6) Inc. (on behalf of itself and 9348654 Canada Inc.) <sup>1</sup>	140,000	132,712

<sup>1</sup> All share classes held by CPPIB (Hong Kong) Limited were transferred to CPP Investment Board Private Holdings (6) Inc. on 30 April 2022.

Further details of the shareholders' share ownership are set out in note 18.

The company has entered into related party transactions and/or holds balances with the following related parties:

Name	Relationship
ABP Acquisitions UK Limited	Immediate parent undertaking
Associated British Ports	Immediate subsidiary undertaking
Amports Holdings Limited	Immediate subsidiary undertaking
ABP (Aldwych) Limited	Immediate subsidiary undertaking
ABP Nominees Limited	Immediate subsidiary undertaking
Immingham Bulk Terminal Limited	Immediate subsidiary undertaking
American Port Services Holdings Limited	Immediate subsidiary undertaking
Amports Vehicle Terminals Limited	Intermediate subsidiary undertaking
Amports Contract Personnel Limited	Intermediate subsidiary undertaking
Amports Cargo Services Limited	Intermediate subsidiary undertaking

## Notes to the financial statements

## 15. Related party transactions (continued)

The company has the following loan receivable with the related party:

Entity	Due date	Rate per annum	2022 £m	2021 £m
Associated British Ports	2040	6.8%	574.7	591.9

The following table shows the transactions that have been entered into by the company with related parties, together with period end balances, for the relevant financial year:

Associated British Ports	2022 £m	2021 £m
Intercompany receivable at start of the year	591.9	606.8
Dividend declared	180.0	130.0
Dividend received	(132.0)	(100.0)
Increase in receivable	17.7	16.7
Interest charged – 6.8% per annum (2021: 6.9%)	36.1	35.4
Interest received	(29.8)	(13.0)
Net cash received	(89.2)	(84.0)
Intercompany receivable at end of the year	574.7	591.9

The company also has the following account balances due from/(to) related parties:

	2022 £m	2021 £m
ABP Nominees Limited	41.3	41.3
<b>Total non-current balances</b>	<b>41.3</b>	<b>41.3</b>
ABP Acquisitions UK Limited	311.8	1,317.8
American Port Services Holdings Limited	4.5	4.5
Immingham Bulk Terminal Limited	1.4	1.4
Amports Holdings Limited	(25.1)	(25.1)
Amports Vehicle Terminals Limited	(1.2)	(1.2)
Amports Contract Personnel Limited	(0.4)	(0.4)
Amports Cargo Services Limited	(2.9)	(2.9)
<b>Total current balances</b>	<b>288.1</b>	<b>1,294.1</b>

The following table shows the current account transactions that have been entered into by the company with the related party, together with period end balances, for the relevant financial year:

ABP Acquisitions UK Limited	2022 £m	2021 £m
Intercompany receivable at start of the year	1,317.8	1,276.9
Dividend declared	(1,300.0)	(200.0)
Decrease in receivable	(43.1)	(44.8)
Net cash paid	251.0	197.0
Interest charged – 6.9% per annum (2021: 6.9%)	86.1	88.7
Intercompany receivable at end of the year	311.8	1,317.8

## Notes to the financial statements

## 15. Related party transactions (continued)

<b>Immingham Bulk Terminal Limited</b>	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Intercompany receivable at start of the year	1.4	1.4
Intercompany receivable at end of the year	1.4	1.4

## 16. Contingent liabilities

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
<b>Contingent liabilities under claims, indemnities and guarantees:</b>		
Guarantees in respect of group borrowings	2,418.4	2,250.3
Guarantees in respect of undrawn group borrowings	440.0	510.0
Total cross guarantees by group companies	2,858.4	2,760.3
<b>Total borrowings and undrawn facilities of group of which company is a Member</b>	<b>2,858.4</b>	<b>2,760.3</b>

As part of the security package for borrowing facilities of the wider group, owned by the company's ultimate parent undertaking, certain wider group undertakings have granted a guarantee and fixed and floating charges over their respective assets including over real property owned by them and shares in subsidiary undertakings (excluding Associated British Ports ("ABP") and its subsidiary undertakings) and various other assets including the company's rights in relation to its principal subsidiary undertaking, ABP. No guarantees or security have been granted by ABP or its subsidiary undertakings in respect of such borrowing facilities.

The group self-insures and certain potential liabilities retained by the company are covered by letters of credit totalling £1.4m (2021: £1.4m). The company is not required to secure any cash reserves against these letters of credit.

## 17. Subsidiary undertakings

All subsidiaries have a registered address of 25 Bedford Street, London, WC2E 9ES and operate in England and Wales, unless otherwise stated. The company's controlling interest in subsidiary undertakings is represented by ordinary shares (with the exception of ABP, the company's powers in respect of which are governed by the Transport Act 1981 and Southampton Port Security Authority Limited, which is limited by guarantee). All ordinary shares have voting rights in the same proportion to the shareholding.

## Notes to the financial statements

## 17. Subsidiary undertakings (continued)

	<b>% held by Company</b>
<b>Subsidiary undertakings: Ports and transport</b>	
ABP Security Limited	100
Associated British Ports	(see below) <sup>1</sup>
Immingham Bulk Terminal Limited	100
W.E. Dowds (Shipping) Limited	100
<i>Subsidiary undertakings: Property</i>	
ABP Property Development Company Limited	100
Grosvenor Waterside Investments Limited	100
Millbay Development Company Limited	100
<b>Subsidiary undertakings: Group services</b>	
ABP Marine Environmental Research Limited	100
ABPH Marine (Guernsey) Limited <sup>2</sup> (domiciled in Guernsey)	100
UK Dredging Management Limited	100
W.E.D. (Services) Limited	100
<i>Subsidiary undertakings: Dormant</i>	
ABP (Aldwych) Limited	100
ABP (No. 1) Limited	100
ABP (Pension Trustees) Limited	100
ABP Connect Limited	100
ABP Marchwood Limited	100
ABP Nominees Limited	100
ABP Quest Trustees Limited	100
ABP Safeguard Limited	100
ABP Secretariat Services Limited	100
ABP Southampton Properties Limited	100
Aldwych Logistics Investments Limited	100
American Port Services Holdings Limited	100
Amports Cargo Services Limited	100
Amports Contract Personnel Limited	100
Amports Holdings Limited	100
Amports Vehicle Terminals Limited	100
Associated British Ports Investments Limited	100
Auto Shipping Limited	100
Colchester Dock Transit Company Limited	100
Exxtor Shipping Services Limited	100
Grosvenor Buchanan Properties Limited <sup>3</sup> (domiciled in Scotland)	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Grosvenor Waterside (Holdings) Limited	100
Grosvenor Waterside Asset Management Limited	100

<sup>1</sup>Under the Transport Act 1981, Associated British Ports Holdings Limited, has powers over Associated British Ports ("ABP") corresponding to the powers of a holding company over a wholly owned subsidiary undertaking. ABP's registered office is 25 Bedford Street, London, WC2E 9ES.

<sup>2</sup>Registered address is St Martins House, Le Bordage, St Peter Port, Guernsey, GY1 4EA.

<sup>3</sup>Registered address is Associated British Ports, Port Office, Ayr, Ayrshire, KA8 8AH.

**Notes to the financial statements****17. Subsidiary undertakings** (continued)

	<b>% held by Company</b>
<b>Subsidiary undertakings: Dormant</b> (continued)	
Grosvenor Waterside Group Limited	100
Grosvenor Waterside Developments Limited	100
Humber Pilotage (C.H.A.) Limited	100
Ipswich Port Limited	100
Marine Environmental Research Limited	100
Northern Cargo Services Limited	100
RPM Industrial Site Services Limited	100
Slater's Transport Limited	100
Southampton Free Trade Zone Limited	100
Southampton Port Security Authority Limited	(see below) <sup>1</sup>
The Teignmouth Quay Company Limited	100
Whitby Port Services Limited	100

<sup>1</sup>*This company is a subsidiary undertaking limited by guarantee.*

**18. Ultimate parent undertaking and controlling parties**

The company is a private company limited by shares registered in England and Wales. Its immediate parent undertaking is ABP Acquisitions UK Limited.

Its intermediate parent undertaking is ABPA Holdings Limited ("ABPAH"). ABPAH produces IFRS consolidated financial statements that are available from its registered office at 25 Bedford Street, London, WC2E 9ES. The consolidated financial statements of ABPAH are the smallest group in which the company is included.

The ultimate parent undertaking and controlling party is ABP (Jersey) Limited ("ABPJ"), a limited liability company registered in Jersey. ABPJ produces consolidated financial statements that comply with IFRS and are available from its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included.

## Notes to the financial statements

## 18. Ultimate parent undertaking and controlling parties (continued)

ABPJ is owned by a consortium of investors as shown below:

<b>2022</b>	<b>% of A Ordinary shares</b>	<b>% of B Ordinary shares</b>	<b>% of Preference shares</b>
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by Kuwait Investment Authority)	10.00	10.00	10.00
Anchorage Ports LLP (owned by Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

<b>2021</b>	<b>% of A Ordinary shares</b>	<b>% of B Ordinary shares</b>	<b>% of Preference shares</b>
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
CPPIB (Hong Kong) Limited (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by Kuwait Investment Authority)	10.00	10.00	10.00
Anchorage Ports LLP (owned by Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

All share classes held by CPPIB (Hong Kong) Limited, a wholly-owned subsidiary of Canada Pension Plan Investment Board (“CPPIB”), were transferred to CPP Investment Board Private Holdings (6) Inc., also wholly-owned by CPPIB, on 30 April 2022, as part of an intragroup reorganisation. The transaction did not impact the percentage holdings of any other shareholder.