

**Capturing
robust growth.**

**Creating value for
our stakeholders.**





King Salman bin Abdulaziz Al Saud

Custodian of the Two Holy Mosques,
King of the Kingdom of Saudi Arabia



**His Royal Highness Prince
Mohammad bin Salman bin
Abdulaziz Al Saud**

Crown Prince and Vice President of the
Council of Ministers and Minister of Defense
and the Chairman of the Council of Economic
and Development Affairs

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Bahri at a Glance

Revenue
SAR 8.6 Bn.



EBITDA
SAR 2.9 Bn.



Group Net Profit
SAR 1.04 Bn.

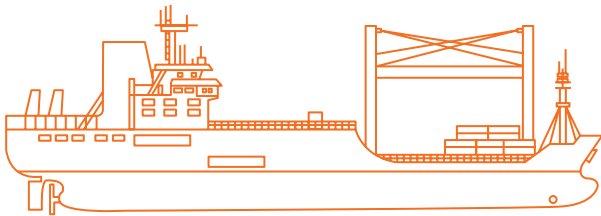


Assets
SAR 23 Bn.



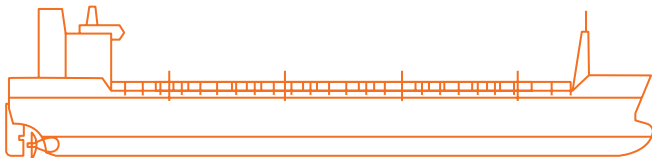
Bahri Logistics

275 port calls
at 47 different ports



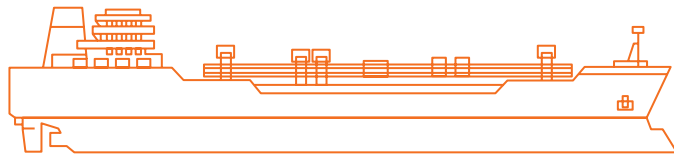
Bahri Chemicals

35 tankers
total capacity of 1.73 million DWT



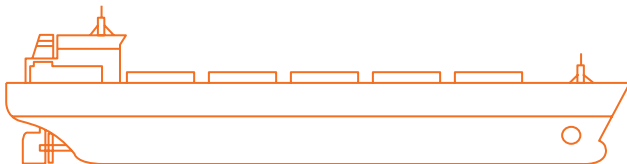
Bahri Oil

412 voyages
operated
2.31 million barrels /
per day
of oil transported worldwide



Bahri Dry Bulk

864,500 DWT
total fleet capacity
3 million MT
aggregate carrying capacity



Awards and Recognition



About Bahri

Bahri, the National Shipping Company of Saudi Arabia (NSCSA), was established by Royal Decree M/5 as a public shareholding company on 21st January 1978, under commercial registration number 1010026026 issued in Riyadh, dated 22nd October 1979. Bahri's capital stood at 492,187,500 shares as of 31st December 2022. Today, Bahri is Saudi Arabia's leading shipping company.

Today, Bahri is Saudi Arabia's leading shipping company.

We are committed to a strategy of continued growth by further building our customer base in Saudi Arabia and abroad, and establishing an international reputation for quality, reliability, and safety. Our business activities span the purchase, sale, and operation of ships and vessels for the transportation of cargo, oil, chemicals, oil products, and dry bulk, logistical services, cargo clearance and stowage on board ships and other means of transportation, storage, and all maritime shipping activities.

We conduct our operations through 4 different channels in addition to ship management: crude oil, chemicals, breakbulk and dry bulk transportation as follows:



Bahri Oil



42 tankers

- 38 VLCCs operating in the spot market
- 4 Clean Petroleum Products (CPP) tankers

Bahri Logistics



- 6 vessels
- Operating on trade routes between North America, Europe, the Middle East, and the Indian subcontinent in maritime and aviation-based freight and goods transportation. Additionally, we also operate as a maritime and aviation agent, a shipping intermediary, and charter ships and airplanes through the previous Bahri Bolloré Logistics, which we fully acquired in 2022 (the remaining 40% stake). As such, Bahri Bolloré Logistics has been rebranded to Bahri Logistics.

Bahri Dry Bulk



Subsidiary 60% owned by Bahri which owns 9 dry bulk carriers and operates as follows:

- 4 dry bulk carriers in the spot market
- 5 dry bulk carriers chartered to Arabian Agricultural Services Company (ARASCO)

Bahri Chemicals



Operated by National Chemical Carriers Limited Company (NCC), a subsidiary 80% owned by Bahri. At the end of 2022, NCC managed a fleet of 57 vessels and owns **35 vessels** including 9 newbuilds delivered in 2022 as follows:

- 20 IMO2 MR chemical tankers
- 9 IMO2 MR newbuild chemical tankers
- 1 IMO2 LR chemical tanker
- 5 MR product tankers

Furthermore, Bahri Chemicals has 13 vessels under short- to long-term time charter (9 x IMO2 MR, 1 x LR2 and 3 x J19 stainless steel) and a further 9 vessels under operational management for its key partner International Shipping and Trading Company (SABIC).

The commercial management of Bahri Chemicals' fleet is optimized to benefit from the strong uplift in spot market earnings and to pursue time charter out arrangements to secure medium-term cash flow security. As such, at the end of 2022:

- 1 IMO2 LR, 2 IMO2 MR and 5 product tankers are time-chartered to Saudi partner companies SABIC and Aramco Trading Company (ATC)
- 4 IMO2 MRs are time-chartered to international customers

Our Vision, Mission and Values

Vision



To create value and share prosperity by connecting economies through excellence in global logistics solutions.

Mission



To be the best service provider, operating to world-class standards. We are relentless in applying responsible business fundamentals. We shall incorporate sustainable capabilities to provide fit-for purpose solutions for our business partners and stakeholders, based on our values, to achieve mutual benefit.

Values



- Considerate
- Driven
- Relentless
- Transparent

Shareholders' Information

Bahri Shareholders Ownership by Type



Major Investors	Number of Shares	Percentage of Ownership
Public Investment Fund (PIF)	111,010,252	22.55%
Saudi Aramco Development Co.	98,437,500	20%

Shareholders by Type	Number of Investors	Number of Shares	Percentage of Ownership
Corporate / Institutional	118	308,691,876	62.72%
Individual	34,969	183,495,624	37.28%
Total	35,087	492,187,500	100%

Bahri Investors according to Size of Ownership	Number of Investors	Number of Shares	Percentage of Ownership
More than 1,000,000	28	352,279,975	71.57%
999,999 – 500,000	29	18,521,007	3.76%
499,999 – 100,000	219	40,998,533	8.33%
99,999 – 50,000	227	15,348,379	3.12%
49,999 – 10,000	1,693	33,887,867	6.89%
9,999 – 5,000	1,587	10,720,889	2.18%
4,999 – 1,000	7,148	15,184,685	3.09%
Fewer than 1,000	24,156	5,246,165	1.07%
Total	35,087	492,187,500	100%

Our commitment to investors
 In 2022, Bahri's Investor Relations (IR) team was again committed to providing its investors with a high level of clarity and dedication on its performance, goals and initiatives. Our values are transparency, openness, and approachability. Our commitment to our shareholders is irrefutable and we maintained open communication channels with them. The IR team is constantly self-evaluating and looking ahead at ways we can improve for our investors, and we disclose all relevant information.

Bahri continues to disclose relevant information and make it easily accessible to regional investors and analysts. This enables the management and the investors to have continued communication and transparency.

We ensure that our Investor Relations webpage is updated with the latest relevant information. We also have a Bahri IR app for Android and IOS to ensure that we are always connected to investors.



Bahri continues to disclose relevant information and make it easily accessible to regional investors and analysts.

Subsidiaries and Associates

Company Name	Headquarters	Main Activity	Capital (SAR)	Type	Ownership
National Shipping Company of Saudi Arabia (NSCSA), USA	Based in Houston, Texas, USA, with its base of operations in the USA	Shipping Agency	3,750,000	Limited Liability Company	100%
Mideast Ship Management Ltd.	Based in Dubai, UAE, and operates around the world	Ship technical management	306,540	Limited Liability Company	100%
National Chemical Carriers Company	Based in Riyadh, and operates around the world	Petrochemicals Transportation	610,000,000	Limited Liability Company	80%
Bahri Dry Bulk Company	Based in Riyadh, and operates around the world	Dry-Bulk Transportation	200,000,000	Limited Liability Company	60%
Bahri Logistics Co.	Based in Riyadh, and operates around the world	Logistics Services	30,000,000	One Person Company	100%
Petreddec Limited	Based in Singapore, and operates around the world	LPG Transportation	131,250,000	Limited Liability Company	30.30%
International Maritime Industries	Based and operates in Ras AlKhair, Kingdom of Saudi Arabia	Maritime Industries	1,590,750,000	Mixed Limited Liability Company	19.9%
National Grain Company	Based in Riyadh, and operates around the world	Packing and storage of grain	90,000,000	Limited Liability Company	50%



Year in Review

JAN

MoU signed with Ma'aden

The agreement will strengthen Bahri's logistics capabilities in areas such as chartering cargo ships, transporting ammonia gas, and dry transportation.

MAR

Received ISO 22301:2019 certification

Highlighting the strength of Bahri's business model and its dynamic crisis-response strategies, the British Standards Institution awarded ISO 22301:2019 certification to Bahri.

MAY

Won 3G awards in human development and sustainability

Bahri won two awards at the 2022 Global Good Governance (3G) Awards in recognition of its unwavering commitment to nurturing an employee-centered workplace culture and adopting responsible and sustainable business practices.

JUL

Launched new liner service in Indonesia

Bahri Line has extended its liner service to Jakarta in Indonesia via a contract with Caterpillar.

SEP

MoU signed with International Maritime Industries (IMI)

The agreement will enhance Bahri's supply chain through state-of-the-art warehousing and logistics services that reduce risk, lower costs, and speed-up response times.

Launched Fleet Performance Monitoring Center

The Center will help to enhance operations in the areas of speed and consumption, energy efficiency, and hull performance.

NOV

Bahri Logistics signs agreement to acquire remaining stake in joint venture with Bolloré

Bahri Bolloré Logistics to become a wholly owned subsidiary of Bahri's business unit following the acquisition of 40% of share capital

Bahri Continues to make waves with 2 wins at The Maritime Standard Awards 2022 in Dubai

These accolades celebrate Bahri's successes in delivering exceptional services and solutions and sustaining outstanding performance while also contributing to the growth and development of the maritime industry.

Bahri's Chemicals and Logistics business units sign MoUs to strengthen cooperation with Luberef

Under the terms of the MoU, Bahri Chemicals will provide distinguished logistics solutions and services to Luberef, which will assist by providing details of available shipments that align with vessel dates at load ports.

FEB

Set up Logistics Park in Jeddah

Bahri along with MAWANI will build and operate an integrated logistics park on land leased at Jeddah Islamic Port.

APR

Provided logistics support to hotel developers

Bahri signed an agreement with TKHS to deliver a unique and powerful service offering for Saudi Arabia's booming hospitality sector.

JUN

Commencement of the offer of Sukuk

Bahri has issued Sukuk denominated in Saudi Riyals (SAR) by way of Private Placement offer worth 3,900,000,000 Saudi Riyals.

AUG

MoUs signed with Dynacom and Sea Traders

Bahri signed two MoUs with Greek maritime firms Dynacom and SeaTraders to further boost collaborative efforts and assist Bahri in the continuous enhancement of its award-winning fleet.

MoU signed with Tabadul for logistics solution

Bahri Logistics and Vessels Management divisions and Tabadul will work to develop a range of mutually beneficial solutions, while also exploring innovative internal data-sharing methods.

OCT

MoU signed with Saudi Electricity Company (SEC)

The agreement comes as part of Bahri's ongoing strategic efforts to enhance its existing services and widen the scope of its logistics offerings.

DEC

Bahri signs MoU with Aijlan & Bros Holding

Under the terms of the agreement, Bahri will act as the JV company's commercial and technical manager. This encompasses the management of the JV company's fleet of vessels, along with any and all day-to-day commercial and operational management duties, performed in accordance with the highest industry standards.



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Where we Operate

How We Operate

Bahri takes pride in its contribution to the Saudi economy, enabling the swift and efficient transport of oil, chemicals, logistics, and dry bulk, connecting a wide range of industries within the Kingdom to global markets. Each year we endeavor to build on our success and create room for growth in our core markets, searching for innovative ways to diversify our services.

The Ship Inspection Report Program (SIRE) is a unique tanker risk assessment tool used by charterers, terminal operators, and government bodies to assist in the assurance of ship safety standards. Today, SIRE inspections take place all over the world and are widely recognized as an invaluable tool for raising ship safety standards.

We are great believers in establishing a standardized, objective inspection process that systematically examines tanker operations and is shared by OCIMF members and other authorized recipients. OCIMF SIRE Program has been instrumental in driving up expectations and behaviors relating to operational and safety standards in the industry. We joined this journey in 2004 and now Bahri is in an exciting position, having led the industry participation in SIRE.

Quality assurance is one of our key drivers at Bahri, and we are proud holders of ISO9001:2015 in both oil transport services and in our airline transport business segment.



Chairman's Statement

Capturing Robust Growth. Creating Value For Our Stakeholders.

The shipping industry faced an uncertain year ahead as we entered 2022, with the ominous cloud of COVID-19 still very much a factor and a global market which lacked confidence in its future. For Bahri, we stood resolutely by our bold investments and ambitious goals for growth, which proved to be a strategic triumph.

Mr. Mohammed Abdulaziz Al Sarhan
Chairman



Creating Value For Our Stakeholders

Bahri's vision for the future and strategic priorities are perfectly in line with Saudi Vision 2030, driving our investments in logistics as well as our oil, dry bulk and chemical transportation capabilities. We aim to act as a key contributor to the National Industrial Development and Logistics Program, which is transforming the Kingdom into a globally competitive global logistics hub.

We have an important role to play in improving domestic and international infrastructure, transport networks and shipping lines to increase the share of non-oil exports and raise the Kingdom's global ranking in the Logistics Performance Index. It is a responsibility which is constantly at the forefront of our current business operations and future strategies.

A Journey of Technological Transformation

The constant evolution of technology has become a key factor in our industry and a driver of our competitive advantage. Enhancing efficiency, reducing costs and increasing profitability are all influenced by digital innovation, and the ability to implement and optimize its potential. IT and artificial intelligence have become essential in the success of operators in the maritime and logistics sectors via the ability to predict and react through data-driven technology.

In 2022, we began our journey on Bahri's Digital Transformation Action Plan, working in collaboration with selected partners in order to expand our fleets under management and create innovative new ways of attracting revenue. By enhancing our technology infrastructure, we are equipping our workforce with the tools and capabilities to provide new services and new opportunities for engagement with entities across the regional and global markets.

Pride in Our People

As one of the largest regional shipping owners and operators, our people are the mainstay of our business. We are devoted to their wellbeing and focus on training and development to help them to reach their potential and maximize their contribution to the Company.

Bahri has a policy of equal opportunity in line with Saudi Vision 2030, which includes employees and recruits, regardless of race, nationality, gender or beliefs.

We take pride in being an employer of choice for our sector. The total number of Saudi seagoing staff increased by 37% during this year, and we continued to enroll Saudi talent with the appropriate skills and aptitudes through our Graduate Development Program. We are investing in the knowledge, skills and capabilities of all Bahri's human capital to become a leading destination for talent in the Kingdom's supply chain and logistics sector.

At the 2022 Global Good Governance Awards, Bahri won an award in recognition of its unwavering commitment to nurturing an employee-centered workplace culture.

Commitment to ESG

We are wholly aligned with the need to protect our environment and have a duty of care to ensure that we deliver on our responsibilities. We have implemented technology that provides a greener industry and adhere to practices that result in decarbonization and reduce greenhouse gas emissions. In a second accolade from the Good Governance Awards, we were the recipient of the award for Adopting Responsible and Sustainable Business Practices.

We are also committed to sustainability within a dedicated framework that aligns with Goal 7 of the United Nations Sustainable Development Group, to ensure universal access to modern energy services, improve energy efficiency and increase the share of renewable energy.

We put QHSE at the heart of our operations, maintaining and monitoring the highest quality, health, safety and environmental aspects of any project to protect our employees and operations.

Furthermore, we are in full alignment with Safety of Life at Sea (SOLAS) and the Convention/International Safety Management (ISM) Code, with up-to-date certifications, in line with international standards.

Acknowledgements

On behalf of the Board, I would like to convey our thanks to our shareholders for their continued trust in Bahri, and to the Government of Saudi Arabia for its support of our industry and the broader economy.

Despite a challenging start to the year, we have demonstrated that our strategic path is the right one, as we delivered an exceptional performance that supports all our stakeholders and positions Bahri for even brighter days ahead.

Theme of the Year

**Capturing robust growth.
Creating value for our stakeholders.**

Bahri overcame market volatility and persistent headwinds during the year to achieve an outstanding performance and deliver robust growth. Our effective planning and bold decisions paid dividends, as timely investments in our young and modern fleet delivered the right assets at the right time in the right markets to capture greater volumes and better serve our clients.

Our revenues rose to heights rarely seen since the inception of the company and profits also jumped substantially, highlighting our astute strategy and prominent position as industry champion for the Kingdom. We accelerated the diversification of our business through new partnerships and mandates, while investing in our people and technology to create the right capabilities across the company to power our next phase of growth.

We will look to continue our expansion journey with our valued customers, while also exploring new avenues to fulfill our mandate and help position the Kingdom as a leading global logistics hub. By leveraging our unprecedented scale and strength, we are now well positioned to achieve strong and sustainable growth in the years ahead and create unprecedented value for all our stakeholders.



Chief Executive Officer's Message

Strengthening the Kingdom's network to economies worldwide.

Our successes in 2022 were primarily driven by resilience, diversification and strategic growth. The results were outstanding and our ability to deliver outstanding results in a highly volatile era highlighted the strength of our strategy and intelligence of our investments.

Eng. Ahmed Ali Al Subaey
Chief Executive Officer



Capturing Robust Growth

Despite the lasting challenges of geopolitical conflict, global inflation, import costs, and interest rate hikes, the acquisition and deployment of our assets at the right time and the right place enabled us to grow in terms of assets, services, and customer base.

Not only did we maintain our overall performance in the face of adversity, Bahri has also expanded its fleet size, increased its share in new markets, and achieved an annual revenue of SAR 8.6 billion and net income in excess of SAR 1 billion, both of which are among the highest in our 40-year history.

Bahri's fleet was further enhanced as we acquired more new chemical vessels, renewing the Company's commitment to boosting our chemicals presence, which grew from 28 to 35 owned vessels and will grow further to 36 vessels by Q1 2023, while Bahri Chemicals managed an additional 22 vessels under charter-in or operation management.

In recognition of these remarkable results and the determination and expertise of the people of Bahri, I am thankful for a collective effort that earned us the "Ship Owner/Operator of the Year" and the "Shipping Company of the Year" awards at The Maritime Standards Awards 2022.

Exploring New Markets

The global demand for oils and petrochemicals towards the second half of the year enabled Bahri to capitalize on its established networks and forge new domestic and foreign contracts. These included the development and operation of an integrated logistics park at the Jeddah Islamic Port of Bahri in partnership with MAWANI, and reinforcing our principal partnerships with Saudi Aramco through our core business segments, such as Bahri Oil, Bahri Chemicals, and Bahri Logistics.

As we continue to implement our key strategies of industry diversification and supplemental income, we entered into a joint venture with the Saudi Agricultural and Livestock Investment Company to establish the National Grain Company. Furthermore, we remain committed to our operation of floating desalination plants to supply the local freshwater grid for the next 20 years.

Our People Powering Progress

Bahri's workforce of more than 3,000 dedicated professionals is committed to an ingrained culture of collaboration and the Company vision to expand and innovate. Their contribution at every level in every department has been at the heart of this remarkable year.

Our commitment to them is a working environment which respects and rewards their efforts, acknowledges their achievements, and provides systematic training and development to help them further their careers. We continue to work together towards our common goal of internal and organizational success.

As our Digital Transformation Action Plan continues to change the face of our operational efficiencies, we invested in various technological software designed for advanced ship monitoring and predictions systems. In addition, we implemented the Performance Monitoring Center as a centralized support system providing data and analytics-driven recommendations for decision-making by technical, safety, and crewing operations. Through high-frequency data from speed and consumption, energy efficiency, and performance, these systems have the ability to pre-empt breakdowns, enhance predictive maintenance, and oversee regulatory compliance.

Towards a Sustainable Future

As we deliver on our strategic plans, we continue to contribute heavily to Saudi Vision 2030 and the logistics goals which further strengthen the Kingdom's network to economies worldwide. In addition, Bahri prioritizes local suppliers to maintain in-country value and has taken major steps in environmental protection, including the reduction of harmful emissions and increased energy efficiency.

In line with the objectives of Saudi Vision 2030, we received our first "gas ready" VLCC, a fuel efficient and eco-friendly vessel. In addition, Bahri is undergoing a "Decarbonization Journey" initiative to ensure compliance to emissions regulations and future fuels.

We are also evaluating and adopting various measures to reduce our carbon footprint. For example, Bahri is installing state-of-the-art systems to monitor and maintain hull paint performance, which is expected to considerably reduce our CO₂ emissions.

We are actively engaged with engine makers, classification societies, and other like-minded institutions in the study of alternative fuels and emission reduction technologies. These collaborative efforts will not only help us meet the GHG challenges of the coming years, but also fulfill the wider goals of the Saudi Vision 2030 sustainability initiatives.

Acknowledgements

Bahri achieved remarkable financial and operational successes in 2022. I would like to express my gratitude to my fellow members of the executive management team and all our employees for their ongoing support and commitment to making Bahri a world-class maritime transportation and logistics company.

I also wish to extend my thanks to the Board of Directors for their wisdom and guidance during an outstanding period of growth for the Company. Finally, I extend my sincere appreciation to our customers for their continued trust in Bahri, today and in the future.

Business Model

Our business model is designed to deliver on our vision to connect economies, share prosperity, and drive excellence in global logistics services. It is tailored to the ongoing commitment and changes we endeavor to make every year, to ensure the most up-to-date and efficient processes are in place, in line with Bahri's overall strategic aims. The business model clearly articulates how the senior management team, and our staff work in accordance with a clearly defined framework with input and output processes.



Inputs

- Financial capital in the form of cash, financing facilities and equity
- Proprietary owned equipment, including VLCCs, logistics hubs and overall infrastructure
- A workforce comprised of 500 direct employees, and over 2,500 seafarers deployed on a contractual basis



How we Create Value

- **Contract types:**
 - Chartering vessels on long-term basis to our customers
 - Contract of Affreightments (COAs), which we launch both long- and short-term, depending on customer requirements
 - Spot contracts for return cargo / backhaul voyages, primarily used for chemicals, oil and RORO, and multipurpose vessels
 - Different contracts for movement of cargo
- **Drivers of demand:**
 - Demand is driven by front haul for local customers, a significant portion of our overall revenue base, and back hauls for international customers
- **Safety and maintenance:**
 - Drydocking of vessels
 - Vessel maintenance
 - Insurance
 - Tanker cleaning services
 - Custom clearing services



Outputs

- Primarily service-based outputs resulting from our input processes and value creation methods
- Cash flow and current financial resources
- Proprietary owned equipment, including VLCCs, logistics hubs, and overall infrastructure
- Relationships developed with customers and respective key senior management teams
- Experience and knowledge gained through working with numerous markets



Strategy and Vision 2030

Main Foundations of Bahri's Strategy:



Growth and development of the Company's business to **increase revenue**



Development of the Company to become a **global provider** of logistical services



Achievement of a **leading position** in the Kingdom's logistical services sector



Diversification of Bahri's revenue base through expansion in **logistics operations**



Creation of added value for the Kingdom, **shareholders and employees**

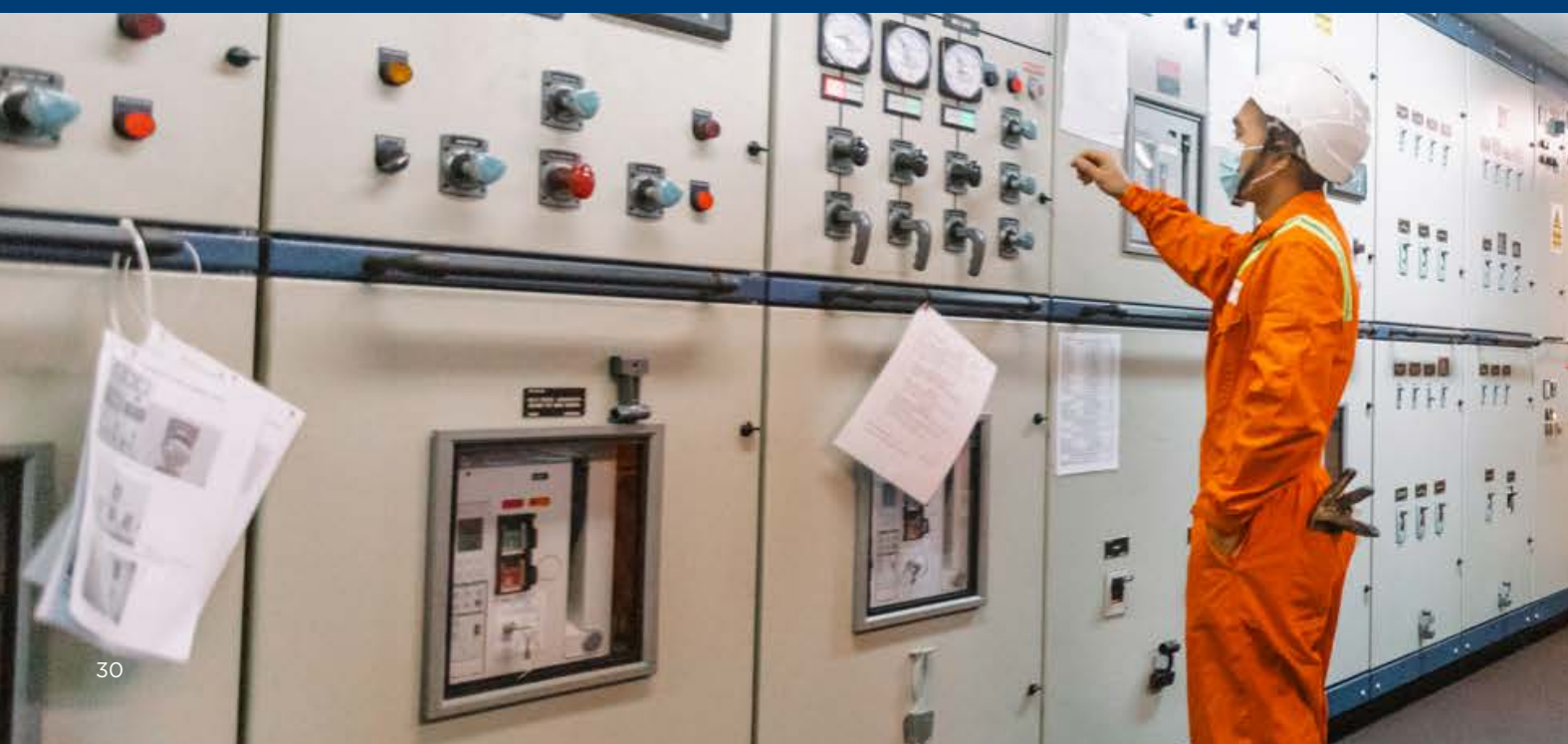
Bahri has made meaningful strides towards realizing long-term strategic goals during the course of 2022. Growth and diversity are key pillars that drive the business and its operations, and the Company has made remarkable progress in the past year towards driving significant change to both a number of processes and its approach to the revenue base. By prioritizing our core business segments, such as Bahri Oil, Bahri Chemicals, and Bahri Logistics, we were able to further strengthen our relationships with key partners, including Saudi Aramco and SABIC, which helped support the stability of operations in the Middle East.

Pursuant to our strategic aim of diversifying and growing our business and sources of income, Bahri continued to develop and strengthen its business, as we officially established the National Grain Company, which is a joint venture (JV) between Bahri and the Saudi Agricultural and Livestock Investment Company (SALIC). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port amongst other activities that will play a major role in the grains import and trading business in the Kingdom of Saudi Arabia. In addition, Bahri is embarking on a new business with a high potential growth by operating floating desalination plants to supply the local freshwater grid for the next 20 years (off take agreement).

As part of Saudi Vision 2030, the National Industrial Development and Logistics Program (NIDLP) continues to update and publish logistics enhancement projects for the Kingdom, which Bahri has capitalized on and will continue to monetize for the period. Saudi Vision 2030 and the associated logistics projects are vital to our continued growth, with a mutually beneficial relationship that improves the connectivity of the Kingdom to important global markets.

Falling in line with the objectives of Saudi Vision 2030 that aspires to raise the contribution of local content in the industry, in particular the shipbuilding, we received our first 'gas ready' Very Large Crude Carrier (VLCC) delivered by King Salman International Maritime Industries (IMI) Complex in cooperation with Hyundai Heavy Industries (HHI). The new VLCC is fuel efficient, eco-friendly, and has the highest standards which falls under our plans to update and enhance the efficiency of our fleet. In addition, to contribute to the Saudi Green initiative, Bahri is committed to and is undergoing a 'Decarbonization Journey' initiative to ensure compliance by its fleet to upcoming emissions regulations, which includes future fuels.

Looking to the future, we are proud to have commenced our journey towards digitalization, working in collaboration with selected partners to achieve the desired transformation. 2022 has seen a shift in market dynamics that have the potential to remain for some time, so we are taking the initiative to expand our fleets under management and create innovative new ways of securing more business and optimizing our operations. By enhancing our technology and IT infrastructure, we are equipping our workforce with the tools and capabilities to provide new services and new opportunities for engagement with entities across the region and, as we grow, into global markets. Due to the efforts of the past year, to improve our business model both structurally and institutionally, we are excited to be looking to enter into adjacent markets to create additional revenue streams.



Saudi Vision 2030 and the associated logistics projects are vital to our continued growth, with a mutually beneficial relationship that improves the connectivity of the Kingdom to important global markets.

Key Performance Indicators

Bahri uses a balanced scorecard to deliver on its strategy. KPIs are enhanced and monitored annually to ensure that the core strategic initiatives are implemented. Our aim is to ensure Bahri's business sustainability and growth, in current and adjacent businesses, and promote diversification.

KPIs are set for key categories under financial, customer, people, and processes for each business unit and functional units. They include metrics that ensure efficiency and competitiveness across our service lines and are monitored during the year to ensure performance. We also continue to expand our operations by diversifying, maintaining asset health, and observing environment and safety performance.

Under financial KPIs, key metrics include efficient budget control and optimization, maximize return on capital employed and achieve targeted net income through high business performance of the operating units. On customer satisfaction, Bahri targets this through its quality processes and measures it through customer surveys conducted regularly for all its services and units.

Process KPIs include KPIs that ensure compliance with its fleet renewal program as part of Bahri's reliable service offering. Finally, people KPIs are designed to make sure systematic training and development is made across the units, in order to have capable and competitive human capital across the business.

Bahri's KPIs are approved and aligned across the organization, from the Board level to the management and performance of our employees.



1 Financial

- Efficient budget control and optimization
- Maximized return on capital employed
- Reaching target net income through high business performance



2 Customer

- Quality process
- Customer surveys for services and units



3 People and Environment

- Systematic training and development of human capital
- Saudization and young talent
- Compliance with applicable regulations
- Enhancement of the organizational structure



4 Processes

- Meet the target of our fleet renewal program
- Optimization on operating expenses
- Digital transformation



Chief Financial Officer's Review

Financial Results in Summary

In 2022, Bahri witnessed significant growth, especially in the second half of the financial year resulting in an increase in demand for tankers as the global demand for oil increased robustly above pre-pandemic levels. This led to an increased TCE rate and surging revenue and earnings for the year. In addition, the expansion of the routes of the Liner's vessels and the increase in charter hire projects also contributed significantly to the earnings of the Group. Further, Bahri focused on the optimization of cost and the cash flow by efficiently timing the disposal of the old fleet which resulted in a notable profit. On the other hand, Bahri faced the challenge of a global hike in crude oil prices during the year resulting in an increase in bunker costs. This is evident in the fact that for the oil sector, the annual average bunker consumption price (per MT) increased to USD 758 in 2022 versus USD 467 in 2021 and for the Chemical sector, the average bunker price rose to USD 815 in 2022 versus USD 498 in 2021.

Bahri Group's Financial Performance

Bahri Group recorded a year-end net profit of SAR 1,041 million in 2022 as compared to SAR 192 million in 2021. Bahri Oil recorded a profit before Zakat and tax of SAR 772 million, compared to SAR 227 million in 2021. The fluctuation in results was mainly due to an increase in the TCE rate, which jumped from an average of USD 27.5 thousand per day in 2021 to an average of USD 35.3 thousand per day in 2022.

Bahri Chemicals closed the year with a high profit before Zakat and tax of SAR 385 million compared with a loss of SAR 5 million in 2021, mainly due to the improvement of the TCE rate and the increase in the number of fleets. The average TCE rate increased significantly to USD 25.2 thousand per day in 2022 compared to USD 15.3 thousand per day in 2021.

The Logistics segment yielded a net profit before Zakat and tax (including Bahri Logistics) amounting to SAR 48 million in 2022, compared to SAR 14 million in 2021, which is mainly due to the uplift of ports' restrictions post-COVID-19 and increased supply chain demands globally.

Bahri Dry Bulk recorded a significant profit before Zakat and tax of SAR 122 million compared to SAR 115 million in 2021, as the healthy market trend led to higher Spot TCE by 20%. The average TCE rate increased significantly to an average of USD 25.6 thousand per day in 2022 compared to USD 21.3 thousand per day in 2021.

In 2022, the share of results from equity-accounted investees is SAR 60 million in income (compared to SAR 47 million in 2021). These were a result of income from Petredec Group with SAR 183 million, which was offset by a loss of SAR 123 million from IMI and SAR 0.3 million from National Grain Company.

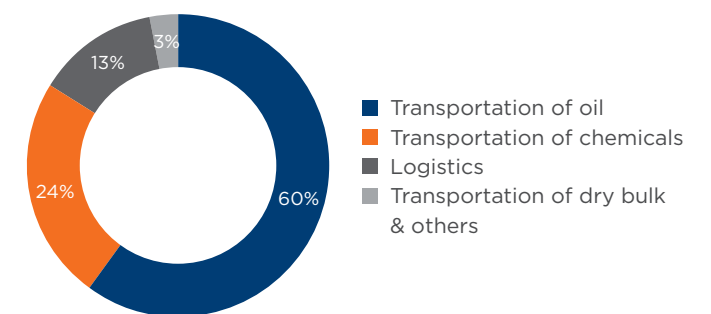


Operating Results:

(SAR '000)	2022	2021	Change amount	% Change
Revenue	8,582,580	5,351,075	3,231,505	60%
Operating costs after bunker subsidy	(7,111,447)	(4,794,580)	(2,316,867)	48%
Gross profit	1,471,133	556,495	914,638	164%
Other income, net	197,017	36,465	160,552	440%
General and administration expenses and others	(174,860)	(168,132)	(6,728)	4%
Operating profit	1,493,290	424,828	1,068,462	245%

Impact of the Main Activities on the Company's Business Volume and its Contribution to its Results:

Activities	Activity's revenues (SAR '000)	Percentage %
Transportation of oil	5,119,215	60%
Transportation of chemicals	2,058,097	24%
Logistics	1,099,161	13%
Transportation of dry bulk and others	306,107	3%
Total	8,582,580	100%

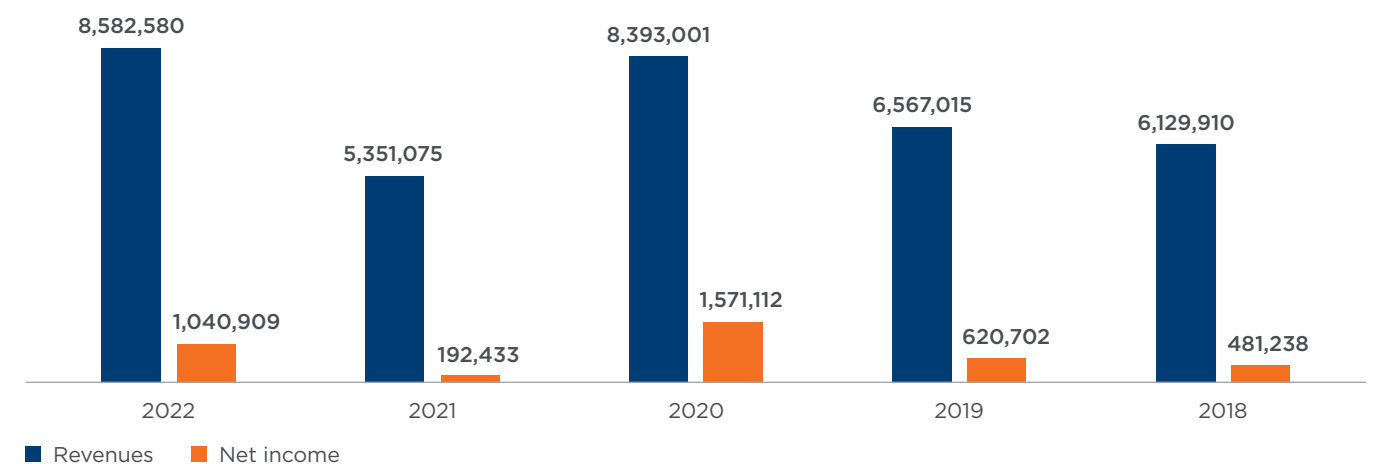


The Company's Assets, Liabilities, and Business Results For the Last Five Financial Years:

Bahri has an exceptional financial position reflecting its strong performance and indicative of the high solvency it was able to achieve and maintain. The table below is a summarized version of Bahri's business, assets and liabilities for the previous 5 fiscal years:

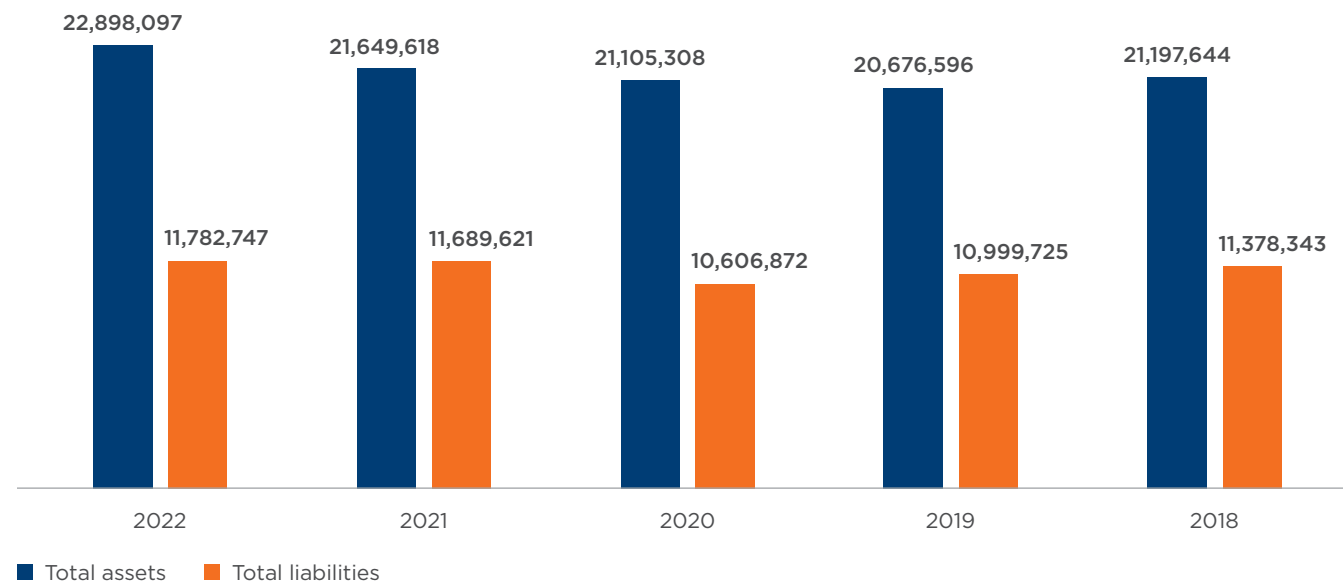
Business Results:

(SAR '000)	2022	2021	2020	2019	2018
Revenues	8,582,580	5,351,075	8,393,001	6,567,015	6,129,910
Operating costs after bunker subsidy	(7,111,447)	(4,794,580)	(6,271,131)	(5,140,018)	(4,882,927)
Gross profit	1,471,133	556,495	2,121,870	1,426,997	1,246,983
Net income	1,040,909	192,433	1,571,112	620,702	481,238



Assets and Liabilities:

(SAR '000)	2022	2021	2020	2019	2018
Current assets	5,568,533	3,891,740	3,907,212	3,737,763	3,320,796
Non-current assets	17,329,564	17,757,878	17,198,096	16,938,833	17,876,848
Total assets	22,898,097	21,649,618	21,105,308	20,676,596	21,197,644
Current liabilities	2,819,694	6,664,581	2,371,931	2,456,153	2,072,058
Non-current liabilities	8,963,053	5,025,040	8,234,941	8,543,572	9,306,285
Total liabilities	11,782,747	11,689,621	10,606,872	10,999,725	11,378,343



Loans: (SAR '000)

Company	Lender	Original loan amount	Loan duration	Payments during the year	Loans' remaining balance	Total indebtedness of the company and its subsidiaries
Bahri	Public Offering	3,900,000	7	-	3,900,000	9,570,575
	International Banks, Local Banks & Public Investment Fund	6,392,100	10	549,543	3,136,017	
	International Banks & Local Banks	812,500*	-	-	-	
Bahri Chemical	International Banks, Local Banks	3,871,657	10	486,829	2,010,231	
	Local Banks	100,000*	-	97,500	-	
Bahri Dry Bulk	Local Banks	810,000	10	56,530	524,327	
	Local Banks	30,000*	-	-	-	

*Represents the total credit limits available for short-term loans.



Investment Case

We are an unrivaled operator with the drive and capacity to deliver excellence for our global client base while creating significant and sustainable value for our shareholders.



Market Leader in Logistics Excellence

- We are one of the largest owners and operators of VLCCs in the world and the largest owner and operator of chemical tankers in the Middle East with a fleet of 92 multi-purpose vessels, including VLCCs, chemical and product tankers, general cargo vessels, and dry bulk carriers.
- Bahri won the prestigious Shipping Company of the Year Award at The Maritime Standard (TMS) Awards in November, 2022.



Outstanding Performance and Long-Term Growth

- Despite fluctuations in the market, Bahri has generated robust returns and profitability, while maintaining above industry average EBITDA margins.
- 4 decades of solid growth and value creation for our shareholders.



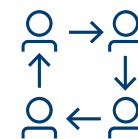
Fully Aligned with Saudi Vision 2030 and NIDLP Goals

- Our strategy positions us to support and benefit from the Kingdom's Vision to become a globally competitive logistics hub.
- We are the preferred partner for many stakeholders including Aramco, SABIC, Saudi Electricity Company, Ministry of Defense, SWCC, Ministry of Health, and others.



An ESG Leader for Our Sector

- Commitment to sustainability with a dedicated framework that aligns with 7 UNSDGs.
- We put QHSE at the heart of our operations, maintaining the highest health and safety standards to protect our employees and operations.
- Full alignment with Safety of Life at Sea (SOLAS) and Convention/International Safety Management (ISM) Code with up-to-date certifications in line with international standards.



Investing in Human Capital and Focusing in Digitization

- With over 3,000 talented and experienced professionals across our global footprint and a strong culture of performance and innovation, we continuously drive efficiency and operational excellence.
- Our digital strategy will drive transformation and efficiency across our operations to create a sustainable competitive advantage for our business.

Success Story

Bahri Works With NMA to Train Saudis in the Maritime Sector

Bahri Works With NMA to Train Saudis in the Maritime Sector

The marine sector has not traditionally been seen as an attractive industry to fresh Saudi graduates, limiting the talent pool for Bahri to hire. This lack of personnel has presented a significant obstacle for Bahri to achieve its goals and support the growth of the maritime sector in the Kingdom of Saudi Arabia.

Bahri signed a services agreement with the Saudi National Maritime Academy (NMA) that focuses on training youth in the maritime sector. This landmark deal will solidify Bahri's role in developing local talent and advancing scientific, professional and vocational education among Saudi youth.

The partnership with NMA contributes to the growth of the maritime sector in the country, as it will help to build a strong pool of qualified personnel and support the development of the industry in line with Vision 2030. This collaboration is a key part of Bahri's strategy for success in the industry, which will have a lasting impact on the company's ability to attract and retain qualified personnel.

The NMA, with its expertise in human resources development, will provide training programs at its facility in Jubail among other approved academies in Saudi Arabia, covering academic and vocational training in the maritime trades. To ensure the effectiveness of the training programs, the NMA will provide all necessary curriculum, instructional technology, and equipment. These programs, which will be held over a three-year period, will cover both academic and vocational training in the maritime trades specified in the agreement.

Building capabilities for today and the future

Upon successful completion of the programs, Bahri will offer full-time employment to sponsored trainees. The company has already funded 10 trainees and plans to continue the program in the coming year, covering the full cost of training as well as additional expenses such as monthly allowances and medical insurance. In the future, the program is expected to train even more Saudi youth per batch.

Throughout the program, Bahri maintained close contact with the trainees in order to monitor their progress from both an HR and a technical perspective. This continued with ample supervision from the Bahri Fleet Personnel Department Director.

After some time, representatives from Bahri Ship Management's Fleet Personnel Department (FPD) – Captain Yasser Hashem and Captain Moath Kashgari – visited the NMA in Jubail to observe the progress of sponsored cadets and discuss training opportunities for Bahri seafarers. The FPD's priority is to ensure that all Bahri seafarers receive high-quality training, and this visit was in line with that goal.

During their visit to the NMA, the Captains focused on two main areas of concern. Firstly, they monitored the progress of the 8 sponsored cadets and evaluated their work. Secondly, they had the opportunity to speak with the NMA about training opportunities for Bahri seafarers, giving them the chance to directly experience the NMA's facilities and resources.

In the coming year, the program will continue providing young Saudis with the opportunity to learn about the marine industry. The program has already sparked interest from other fresh graduates and continues to foster growth and development in the sector. It is also a key example of how Bahri aligns its goals with those of the Kingdom's Vision 2030, with the Kingdom's strong status in the maritime transport industry and aims to be a global logistics hub.



Corporate Communications

The Corporate Communications Department (CCD) plays a central role in ensuring that Bahri's clients, shareholders, employees, and crews are provided with accurate and transparent information through both internal and external channels.

The department is also responsible for ensuring Bahri projects a positive corporate image and enhancing its reputation to further strengthen its position as a leader in the maritime industry. In addition, it highlights the Company's unique national role and the value it delivers to stakeholders at the local, regional, and global levels. The CCD is committed to achieving technical excellence in communications through locally-sourced talents.

Transparency is considered the most important aspect of Bahri's stakeholder communications. The CCD strives to ensure that all data and information presented through the company website and official social media channels is always precise and up to date. We take deliberate action to better the world around us, in line with our dedication to protecting the environment and the communities in which we operate. At Bahri, we will never take the easy way out when it comes to conveying significant matters.

Internal and External Communications Initiatives

Throughout 2022, we provided Bahri's business units and support function divisions with high-quality communication services, giving us the opportunity to organize internal and external events, Board of Directors meetings, high-level meetings, and host prestigious visitors. As has been done in the past, our team was there to assist across all aspects of communications.

Our internal communications activities focused on conducting surveys and campaigns to increase employee engagement. We also circulated more than 125 announcements throughout the organization on topics relevant to the employees such as company activities, achievements, various topics related to awareness, gatherings, and more. We further held more than 23 internal events to celebrate important occasions including Bahri annual employee gatherings, International Women's Day, Eid Al Fitr, Eid Al Adha, Saudi National Day and UAE National Day.

The CCD played key role in publishing Bahri's annual and sustainability reports for 2021 as well as regularly updating the content of the Company's website, intranet, and social media pages. The department also launched a number of campaigns and activities aimed at enriching the workplace for Bahri team members.

Social Media Campaigns

We leveraged Bahri's social media channels and utilized the department's knowledge to maintain contact with various different stakeholder groups and the general public, and launched multiple Twitter and LinkedIn campaigns to share important company activities, commemorate key moments, and create awareness on a wide range of topics. Bahri's social media accounts experienced a large boost in followers and engagement in 2022, with our LinkedIn page in particular seeing a remarkable rise of 30% in follower numbers.

Media Relations

Media engagement increased significantly during the past year, ensuring maximum press coverage for Bahri's events and announcements and enhancing the company's brand image and reputation. We shared a total of 49 press releases, including 25 Tadawul announcements, and developed corporate brochures.



Risk Management and Monitoring Policy

The Board regularly reviews company policy related to risk management to ensure approved policies and programs are implemented and risks to the Company are minimized.

The executive management also ensures that the risk management system, as well as specific risk mitigations, are implemented effectively and efficiently across all organizational levels.

The Company's approach to risk management considers the full breadth of risks, including those with financial and non-financial impacts (e.g. safety, environmental, reputational, and quality of service).

As with organizations worldwide, Bahri's risk management system continued to be tested during 2022. Bahri revised existing risks and created new risks, while the executive management increased the intensity of its risk governance to ensure risk mitigations were actively identified and implemented. The maritime shipping sector, however, is not void of risks. These are mainly operational risks, such as threats posed by terrorist attacks, war and piracy, marine accidents, cargo damage, and personnel injuries. Bahri assigns a high degree of importance to preventing and minimizing these risks. The Company does this by utilizing proper risk management systems, issuing certificates, classifying equipment and procedures, and providing safety training that contributes to safeguarding workers and cargo. Bahri also prioritizes quality assurance and ensures the efficient use of available resources.

The Company also relies on insurance coverage, which protects it against risks threatening its vessels, cargo, crews, and workers. Providers are selected by monitoring and evaluating their solvency, technical capabilities, and obligations before and during the insurance term to ensure that Bahri is receiving the best value and benefits for its investment.

Additionally, there are financial risks resulting from the Company's activities, including liquidity and credit risk. These are managed through continuous measurement and monitoring procedures. Bahri works towards minimizing the implications of such risks through various methods including necessary financial derivatives to hedge against loan interest rates.

Bahri works continuously to minimize the total risks threatening its businesses to reduce their impact on its operations to the minimum.

Risk Mitigation in 2022

It continued to be important for Bahri to proactively identify and address opportunities as they arose and worked to mitigate the consequences of the continued public health crisis.

We continued to mitigate some of the downside risk created by the pandemic through diversification. While we suffered certain adverse effects due to disruption at ports, such as delayed crew changes, we continued to expand our logistics business within the pharmaceutical sector.

As part of Bahri's plan to continuing development and coordination of risk management processes across the business, the Company prioritized risk awareness and training to reduce the gap in our risk framework, and we have since trained over 500 of our office-based staff.

Since Bahri introduced its annual risk report which has since grown into an important reporting initiative for the Company, it has become more extensive and comprehensive in 2020. Our annual risk report has instilled confidence across all parts of our business, demonstrating that Bahri has identified, managed, and prioritized our areas of risk. Through this initiative, we have strengthened our corporate governance procedures and have since implemented a group wide risk register, risk processes, reporting and training. As such, Bahri's risk management reached an improved level of maturity in 2022.

Maturing our Business Continuity Capability

We have also harnessed the lessons learned from our response to the COVID-19 crisis, by developing an enterprise-wide Business Continuity Management System (BCMS). This BCMS covers all of Bahri's GCC locations, and during 2022 we:

- Reviewed and developed over 50 business continuity plans
- Conducted over 40 business continuity tests and audits
- Delivered business continuity training to over 200 staff
- Commenced the process for ISO22301:2019 certification

Areas of Exposure

Bahri's areas of exposure continue to be primarily economical in nature, followed by political and security, and finally in operational risk. These are not only assessed in terms of cost and impact, but also on a broad range of implications for safety, security, quality, the environment, and our overall market reputation. We continue to improve our situational awareness and prevent complacency with the identification of new risks on a monthly basis.

The Year Ahead

Bahri is aware that the economy and the Company's economic exposure to risk will continue in 2023, taking into account the ongoing COVID-19 global health crisis. We cannot predict, at this stage, other dynamics that may expose the Company to further risk, such as unexpected political and security issues, or economic volatility in certain regions. Bahri instead continues to remain diligent in positioning itself to be able to capture opportunities as they arise. At the same time, we will ensure that we maintain a robust risk framework to mitigate the impact of downside risks. As the outlook for 2023 remains uncertain, Bahri continues to evaluate its risk framework and positions the Company to identify and seize market opportunities, as well as manage potential risks.





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3

Market Overview and Predictions

Oil Sector

2022 was a year of 2 halves for the VLCC market. The first half of the year witnessed earnings at their lowest level in more than 30 years. This was primarily driven by the oversupply of vessels, further exacerbated by OPEC+ production cuts and elevated bunker prices. The geopolitical crisis in Q1 had a small sentiment-driven spike but was primarily confined to smaller tankers (Aframax and Suezmax). The second half saw a turnaround with significant improvement as increased crude demand coupled with the spillover impact of crude flow dislocation following the Ukraine conflict, meant economies of scale started favoring the VLCC market.

From 2022's record lows, the VLCC market is expected to see a strong recovery year-on-year. In general, the market fundamentals will tilt in favor of owners as crude oil tonnage demand increases while supply side constraints aggravate. According to recent forecasts, crude oil consumption will grow gradually during the first half of 2023, followed by a full recovery in the second half, bringing demand to 1.5 million b/d above pre-pandemic levels. OECD oil stocks are already below 5-year averages due to drawdowns and coordinated Strategic Petroleum Reserve (SPR) releases during 2022 in response to rising crude prices. While any additional demand will be met mostly through seaborne imports, there is also the propensity for global SPR re-stocking, all beneficial for ton-miles.

Existing fundamentals on the supply side are most favorable for owners in the medium-term. A pickup in scrapping is expected next year with 20+ year-old tonnage in the current fleet set to reach the -130 mark by the end of 2023. The combination of relatively healthy scrap prices and extremely restricted competitiveness for older non-eco or non-scrubber tonnage should encourage scrapping.

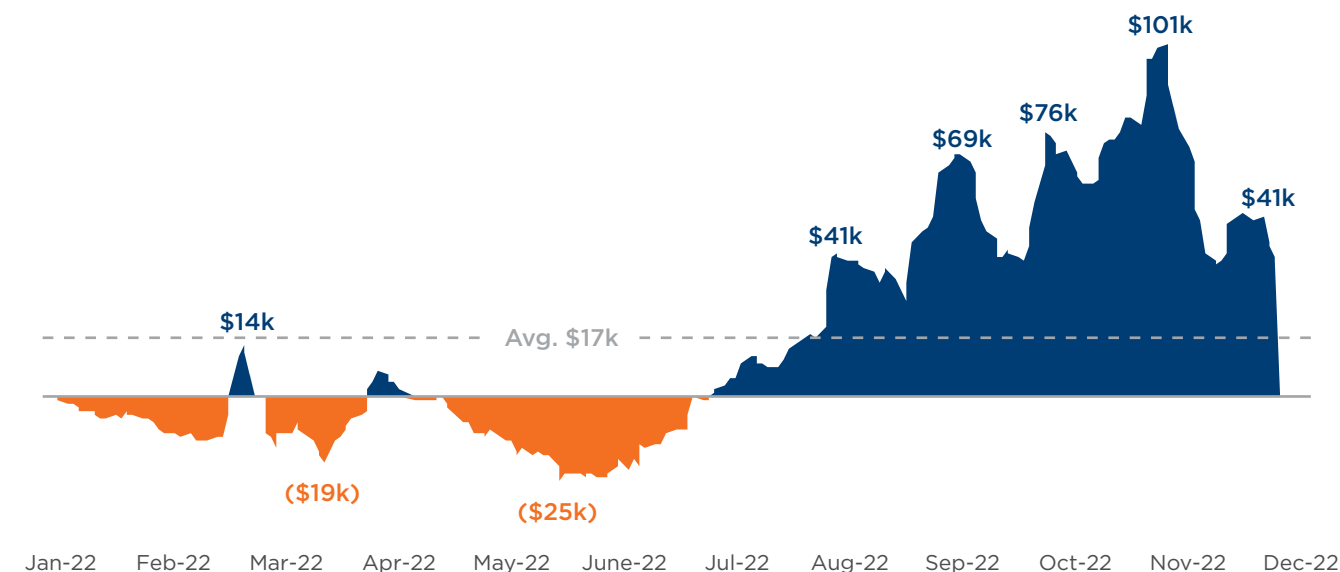
In addition, the International Maritime Organization (IMO) regulations on Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) standards are set to commence from January 2023 onwards. This will further incentivize the removal of older tonnage. This is expected to equal or surpass newbuilding deliveries for next year, which is favorable for tonnage supply.

Chemicals Sector

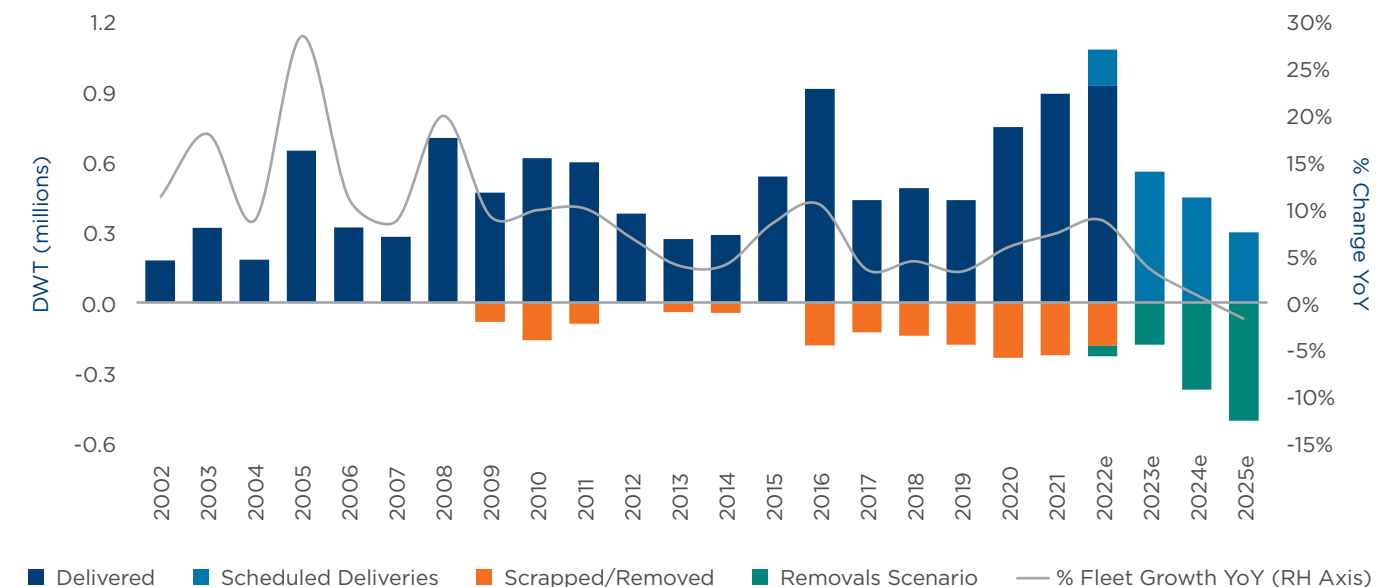
The full year 2022 has seen a significant improvement of freight rates due to the fast evolving global political and economic situation following the COVID-19 pandemic that unfolded from 2019 to early 2022. As the global economy recovered slowly at the beginning of the year, the war in Ukraine exacerbated the imbalance in the world's refined products' supply and demand. The overall combination of various factors drove the demand for tonnage higher than the supply growth, and rates increased quickly from June 2022 onwards.



VLCC BITR TD3C Earnings (\$/D)



IMO 2 MR Coated Chemical Tanker Fleet Development and Outlook



Demand for CPP tonnage is expected to remain strong in the foreseeable future. In addition, the lack of sufficient slots for product tanker newbuilding at shipyards will prevent a fast ramp up of tonnage supply. As a result, rates are expected to remain high at least during 1H 2023. Market pressure supporting higher rates is expected to remain as China looks to ease restrictions related to the zero-COVID policy and re-open the economy, boosting demand for CPP and chemical products.

With very few investments over the last 2 to 5 years, a significant reduction in inventories, and a continued increase in demand, oil prices have been driving up bunker expenses which remain high.

The rapid increase in financial rates from the US Federal Reserve are spreading fear of recession in 2023 despite strong current economic fundamentals (consumer spending in the USA). The risk of a recession is tampering with the expected economic revival.

Logistics Sector

Economic recovery is expected to remain strong, with global supply chain demand to increase from 6-8%. In addition, the shipping liner industry is expected to continue with an increase in the rate for project cargo and containerized cargo throughout 2023. There has also been a rapid increase in demand as economies reopen, which has pushed prices up in key commodities such as oil and metals. Food prices are also rising, and this is especially true in emerging markets. Limitations along supply chains caused by the pandemic have added to cost pressures, while shipping costs have increased substantially.

Dry Bulk Sector

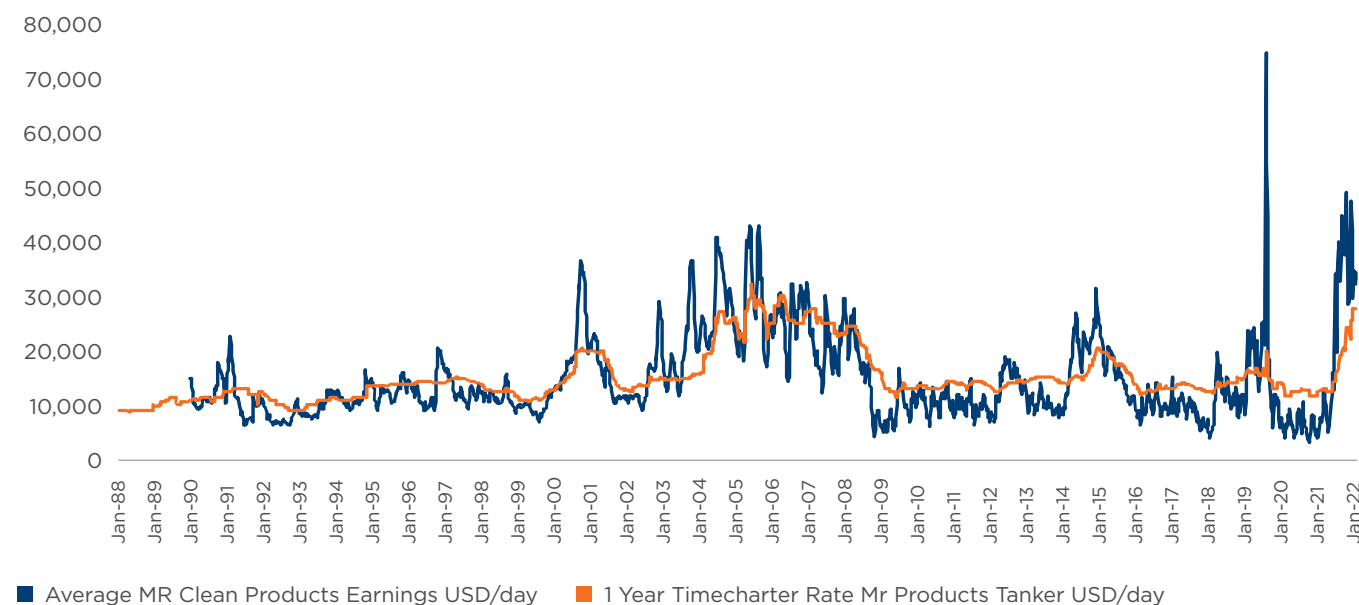
In 2022, the world economy across the board has had unfavorable conditions that has shaped the dynamics observed in the maritime shipping industry, wherein disruption in the food and energy supply chains, led to high volatility and material adverse effects on many trades and businesses around the world.

Overall, seaborne dry bulk trade trends materially weakened in 2022 by c.2.8% y-o-y. The consequence of large disparities in the supply and demand of many commodities such as the iron ore, grains, and minor bulk's trade have caused demand headwinds, however, coal trade rebounded steadily, providing cushion to the demand side of the equation.

Looking ahead, grains have significantly rebounded amid the renewal of the Black Sea Grain Initiative, which has tremendously eased the exacerbated agricultural commodity prices and Food Price Index. Additionally, any potential Chinese stimulus-fueled kick start of the recovery will drastically contribute to the rebound of the supply and demand fundamentals of the dry bulk market. Moreover, coal has managed to act as a substitute hero commodity on the back of high gas prices due to inflationary pressure observed. Hence, why by 2H2022, a positive surge in seaborne coal demand reflected in the dramatic increase of the prices throughout the year.

Looking ahead, despite seaborne dry bulk trade volumes slipping back in 2022, shifting trade patterns amid the recent supply chain disruptions have driven a ~0.7% ton mile growth. In addition, prospects on environmental regulations are expected to curb fleet supply of bulk carriers which would likely look to sustain a healthy performance, measured by historical standards.

Historical MR average TCE and 1 year TC rate (USD/day)



Future Plans and Decisions

In full alignment with the Vision 2030 goal to develop the Kingdom into a leading global logistics hub, Bahri remains committed to constantly improving our operations, furthering our strategic initiatives and adopting innovative solutions to grow our business. We leverage Saudi Arabia's geographical location and our market-leading capabilities to fulfil our mandate as the exclusive maritime shipping provider for Saudi Aramco to the USA, Europe and the Far East.

In 2022, the National Grain Company, a joint venture (JV) between Bahri and the Saudi Agricultural and Livestock Investment Company (SALIC), signed a construction agreement to build a grains terminal in Yanbu Commercial Port. The terminal is designed to handle, store and distribute up to 3 million tons of grain annually. The terminal will have a storage capacity of 156,000 tons in the first phase, consisting of 12 silos with a total capacity of 96,000 tons, in addition to a dedicated area equipped with the latest technologies for packaging and loading into trucks. This terminal is part of a larger project expected to be completed by the second half of 2023 that extends over an area of 313,000 sqm, with a storage capacity of 280,000 tons and a production capacity ranging from 3-5 million tons annually.

Moreover, during 2022, Bahri expanded our operations into a new sector by way of a 20-year agreement with the Kingdom's Saline Water Conversion Corporation (SWCC). The agreement aims to establish 3 floating desalination barges capable of processing 150,000 cubic meters of seawater per day using cutting-edge treatment processes. The barges utilize industry-leading innovations including reverse osmosis treatment, remineralization and integrated ultrafiltration to supply high-quality potable water for use across the Kingdom.

In addition, Bahri signed a Memorandum of Understanding (MoU) with the National Gas and Industrialization Co. (GASCO) this year to establish a company that will provide land transportation and logistics services. The newly formed company will provide industry-leading services, embody operational excellence, advance Saudi Arabia's long-term economic growth and contribute to the objectives of Vision 2030.

Bahri also signed an agreement with MOSOLF Group to develop an automotive logistics system that seeks to further fortify the Kingdom's current automotive logistics supply chain. As Saudi Arabia continues to diversify its commercial sector and aims to manufacture 300,000 cars annually by 2030, Bahri is proud to contribute our resources and expertise to achieve operational excellence. This valuable partnership will help develop the automotive logistics market as we continue to innovate our services.

In line with our strategic aim of diversifying our business, Bahri will continue to explore new opportunities according to our business plan and announce any new developments at the appropriate time.

As Saudi Arabia continues to diversify its commercial sector and aims to manufacture **300,000** cars annually by 2030, Bahri is proud to contribute our resources and expertise to achieve operational excellence.

GLOBAL LEADER

IN LOGISTICS AND
TRANSPORTATION

Business Units



Bahri Oil

56



Bahri Chemicals

62



Bahri Logistics

66



Bahri Dry Bulk

72



Bahri Ship Management

80



Bahri Fleet

86

Bahri Oil

Bahri Oil is one of the world's leading owners and operators of Very Large Crude Carrier (VLCC) vessels.



DWT capacity of
11.8 million tons



NPS of 9.2
out of 10



After having grown at an annualized rate of around 4% since 2015, during 2022 our focus shifted to the divestment of older tonnage to leverage on the high asset value environment.

Developments in 2022

In line with our long-term strategy to maintain a young and competitive fleet, Bahri capitalized on a record high asset value market, divesting 4 VLCCs and 1 Aframax in the second half of 2022. We also continued with our fleet renewal plan, concluding a deal to acquire 2 modern eco 2020-built scrubber-equipped VLCCs, scheduled for delivery early first quarter of 2023.

By the end of 2022, Bahri owned a fleet of 38 vessels with a deadweight tonnage (DWT) capacity of 11.8 million tons. This places the Company among the top 5 owners and represents approximately 4% of global capacity. The acquisition of 2 VLCCs set for delivery in Q1 2023 will take the fleet to 40 VLCCs.

In addition, Bahri improved its average fleet age by around 7%, which helped minimize overall fleet emissions. In parallel, Bahri concluded a deal to acquire two 2020-built scrubber-fitted VLCCs scheduled to be delivered by the first quarter of 2023. These modern eco-vessels will further enhance the fleet's operational performance. With this fleet modernization, Bahri is ideally placed to benefit from the short- to medium-term robust market fundamentals.

Moreover, Bahri Oil's business model prioritizes cargoes under existing contracts, and various measures have been adopted to optimize utilization through effective deployment of the fleet. Measures taken include:

- Commercially viable fronthaul out chartering from the Arabian Gulf (AG)
- Ballast for shipments out of Brazil, West Africa, US Gulf (USG), and the UK Continent (UKC) when market conditions favored
- Targeting USG backhauls with minimal ballasting following USG fronthaul voyages
- Natural re-positioning of AG-Red Sea ships for Sidi Kerir-UKC cargoes and subsequent backhaul to the East

We also made progress with our strategy to diversify trade routes with an increase of around 95% in Eastbound voyages from the Arabian Gulf (AG). We successfully expanded the geographical scope of our market share in terms of trading routes throughout 2022. This year, we extended our voyages to Oita, Mizushima, Rabigh and Myanmar.

During the year, Bahri Oil completed 412 voyages and shipped 2.31 million barrels of crude oil a day across the world. AG-USG voyages, which along with triangulation provide a premium to the market as a result of enhanced utilization, accounted for a sizeable portion of our trading days. Voyage split was weighted towards the primary Arabian Gulf (AG) market with around 64% of total loadings, while the remainder were loadings from other major global VLCC hubs.

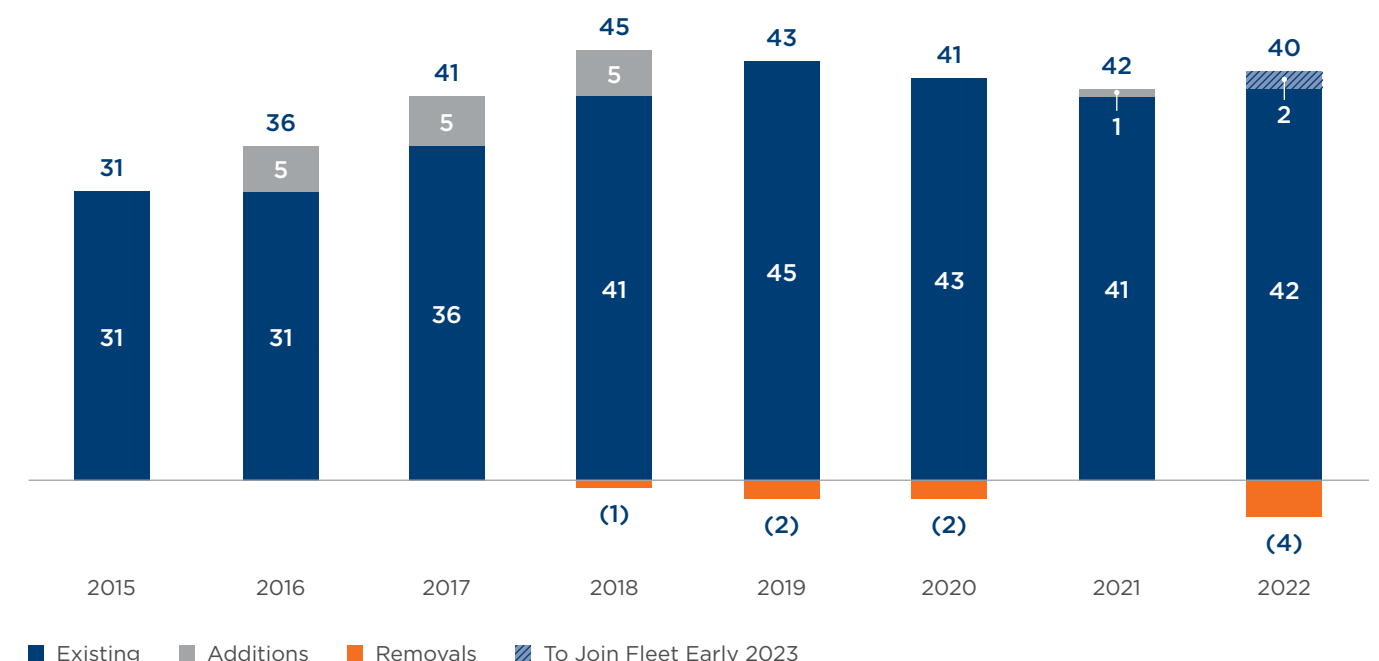
Bahri Oil's robust and resilient business model aided in navigating the challenges of a historically low market, with earnings remaining negative during the first half of the year. Proactive scheduling practices aligned with future requirements to ensure maximum utilization efficiency. These efforts helped offset the impact of the low market environment witnessed during the first half of the year and positioned the Company well for the market rebound.

In addition, top priority was given to optimize operations including reducing idle time, waiting time and bunker consumption. All factors – both commercial and operational – were considered to ensure that the highest quantity of bunkers were sourced from the Kingdom.

Our customers remain our highest priority and Bahri Oil continues to fulfil customer requirements in a safe, reliable, and timely manner. In 2022, we achieved a Net Promoter Score (NPS) of 9.2 out of 10 for Operations, while the Executives' survey returned a score of 9. These scores reflect Bahri's dedication to continuously satisfying our customers.

“Ship Owner/Operator of the Year”
and **“Shipping Company of the Year”**
at The Maritime Standard Awards
(TMS) 2022

Bahri Oil VLCC Fleet Development



Improvements in Technology

Bahri Oil continues to collaborate with Bahri Ship Management (BSM) to automate and modernize our fleet with the latest technologies. We equipped our fleet with software that enables actionable intelligence through live situational awareness and predictive diagnostics. Through live machine data, video feeds, images, and historical and process data, these platforms offer a broad spectrum of remote technical and operational management, enabling a proactive approach to foresee machine failures. In addition, our ships are fitted with the most up-to-date systems to monitor and maintain the hull paint performance as part of efforts to minimize vessel consumption, resulting in bunker cost savings. Furthermore, in cooperation with BSM, Bahri Oil began to implement measures to ensure fleet compliance with upcoming CII/EXII requirements, while maintaining operational benefits and cost-effectiveness.

Focus on Sustainability

As part of ongoing ESG initiatives, Bahri Oil undertook VLCC fleet renewal in 2022, divesting older tonnage to be replaced by more efficient modern vessels, thereby lowering overall fleet consumption and greenhouse gas (GHG) emissions. Ballast Water Management System (BWMS) installation on VLCCs continued throughout the year with around 70% of the fleet fitted out by end of the year. We are also on track to achieve the target of 90% by 2023.

In addition, Bahri is taking early measures to align with 2030 IMO emission regulations to ensure a structured process of meeting the requirements, by evaluating and adopting various measures to reduce our carbon footprint. For example, we installed up-to-date systems to monitor and maintain hull paint performance, which is expected to reduce our CO₂ emissions.

Bahri Oil adheres to the concept of sustainability, which guarantees the long-term wellbeing and development of its employees, customers, and the overall community. It entails taking a proactive,

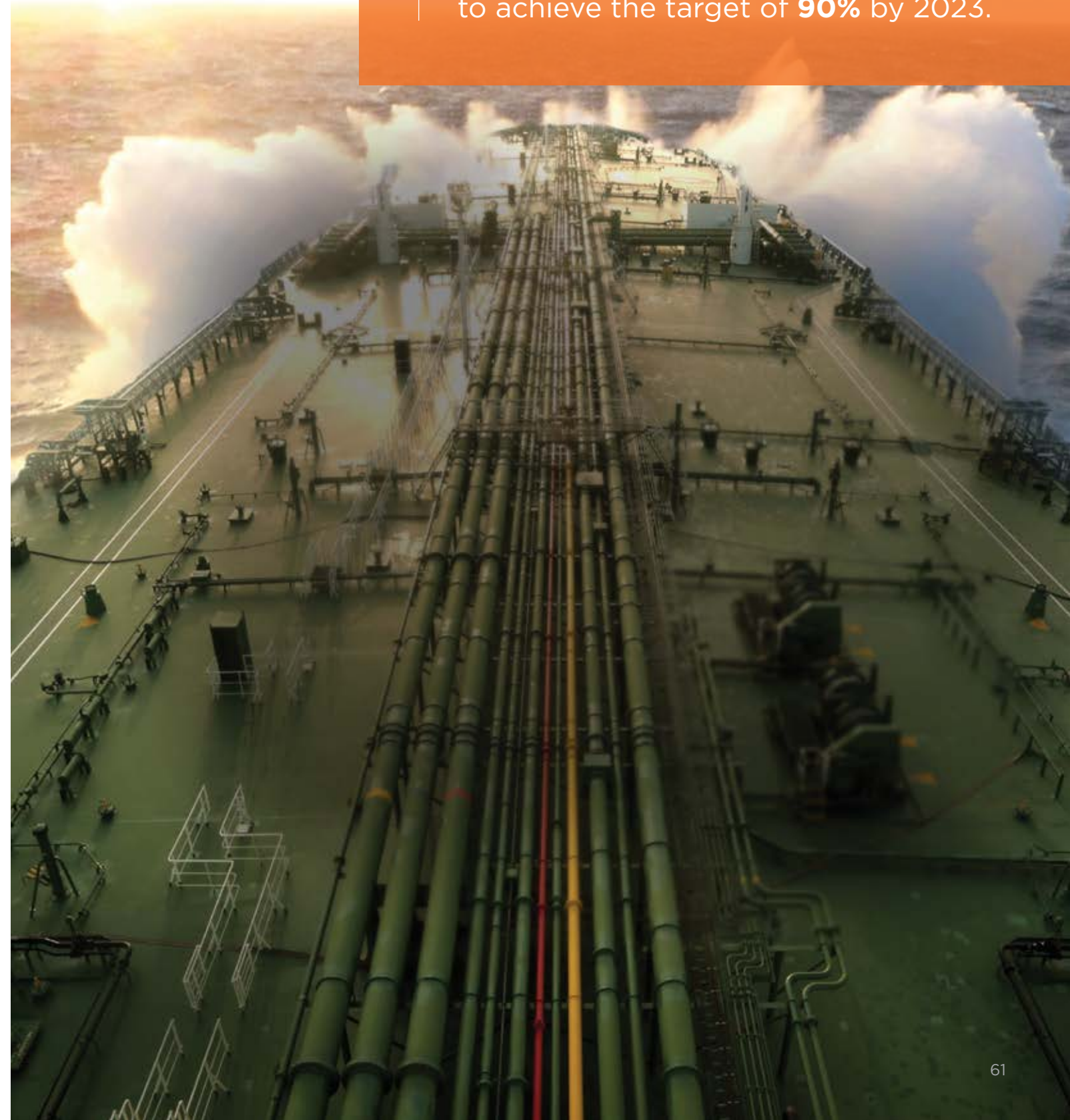
creative, and data-driven approach to ensure the safety of employees and the protection of the environment. Bahri Oil and BSM have a dynamic approach to all cutting-edge fuel-saving technologies and advancements, from pilot projects to full-scale implementation, evaluating potential commercial and environmental impacts.

As for human capital development, Bahri Oil has continued its efforts to find Saudi talent with the appropriate skills and aptitudes through its Graduate Development Program (GDP). This is part of the Company's commitment to the development of its human resources. The program is geared for recent college graduates and is intended to cultivate a pool of talented individuals who are both creative and highly accomplished. Candidates chosen to move on to the next stage of the selection process are rotated through several different departments. The purpose of the training program is to provide participants with the information and experience they need to advance more quickly in their roles. During the year, Bahri Oil gained 3 GDPs from the latest cohort as permanent employees and enrolled 2 new GDPs, bringing the total number of Saudi nationals up to 38%.

Looking Ahead

Looking forward, Bahri Oil is committed to continuous operational improvement, successful planning and execution of strategic decisions, and adoption of modern technology and innovative solutions towards achieving further growth. The measures include enhancing the existing fleet maintenance system to close monitoring and management of fleet speed and consumption. In the commercial sector, Bahri Oil will continue its ongoing attempts to diversify its revenue portfolio by seeking opportunities regarding time charters. Moreover, we will guarantee the highest possible level of fleet utilization, with a particular focus on high-earning routes. Bahri Oil is committed to achieving the highest possible level of quality management to ensure the complete satisfaction of our customers.

Ballast Water Management System (BWMS) installation on VLCCs continued throughout the year with around **70%** of the fleet fitted out by end of the year. We are also on track to achieve the target of **90%** by 2023.



Bahri Chemicals

Bahri Chemicals remains the largest owner and operator of chemical tankers in the Middle East.



8084 trading days



Maintain our focus on safety and reliable vessel itineraries



Bahri Chemicals (National Chemical Carriers) was established in 1990 as a joint venture between Saudi Basic Industries Corporation (SABIC) with 20% ownership, and Bahri Group (The National Shipping Company of Saudi Arabia) with 80% ownership. Bahri Chemicals' operations include shipping and logistical handling of liquid chemicals, clean petroleum products (CPP) and vegetable oils including biofuels and feedstocks.

Our fleet is calling into more than 150 ports around the world each year. We have been commercially managing a fleet of chemical tankers globally, calling to more than 200 ports since 2014. Our commercial footprint and presence are reinforced with local offices in Riyadh, the Kingdom of Saudi Arabia, Dubai, UAE, and Houston, USA. Bahri Chemicals' fleet of 35 vessels is designed with the highest technical and safety specifications with performance tank coating systems. Our latest class of newbuilds (55,000 DWT wide beam eco ships) can transport up to 22 different grades of bulk liquid cargoes under nitrogen blanket to preserve quality. Our fleet has a combined DWT of about 1.8 million tons (including 10 newbuilds).

While expanding our fleet of both owned and time chartered-in vessels under our commercial management, we maintain our focus on providing the best performance in terms of HSE and customer satisfaction through our focus on safety, reliable vessel itineraries and dependable tank cleaning.

Developments in 2022

Bahri Chemicals operates and commercially manages a fleet of IMO2 MR (46 k DWT) chemical tankers. In 2022, we received the delivery of 9 newbuild class ships (54.5 k DWT), to replace and enhance our fleet with modern and unique design vessels and sold 2 old vessels (NCC Rabigh, 2006-built and NCC Sudair, 2007-built). We also diversified our service offering through time charter-in of J19 (20,000 DWT) stainless steel chemical tankers and an LR2 (119,000 DWT) product tanker.

At the end of 2022, we owned a fleet of 35 vessels (excluding 1 vessel to be delivered in Q1 2023). We have 13 vessels under short- to long-term time charter (9 x IMO2 MR, 1 x LR2 and 3 x J19 stainless steel) and a further 9 vessels under operational management for our key partner, International Shipping and Trading Company (SABIC). Our new IMO2 MR chemical tankers fleet represents a significant step for Bahri Chemicals with larger vessels, wider beams and increased tonnage, without increasing the draught allowing to call in more ports. Our newbuilds also utilize the latest engine technology, allowing them to be more economical in terms of bunker consumption.

In addition, we had 3 ships in dry docking for various projects including repair, maintenance, and upgrades, with new coating and ballast water treatment systems to align with international maritime regulations. Our market presence has expanded with the delivery of our newbuild vessels and the expansion of our TC-in fleet. Furthermore, with the addition of stainless steel and LR2 on TC-in basis, our commercial footprint has also expanded across the chemicals and CPP segments.

In line with this expansion, we also set up a new Kingdom of Saudi Arabia desk in Riyadh to demonstrate support to key customers in the Kingdom of Saudi Arabia.

Moreover, Bahri Chemicals has been positively impacted by the increase in demand driving freight rates higher, and negatively by the significant increase in bunker prices and financing rates in H2 2022. Our trading days (owned fleet trading on Spot) have increased from 6,216 to 8,084 in the past year. We also achieved our highest revenue and net income, with 2022 FY revenue at SAR 2,058 Mn., compared to SAR 1,175 Mn. in 2021. Meanwhile, our net income stood at SAR 375 Mn., as compared to a loss of SAR 13 Mn. in the previous year.

Bahri Chemicals continuously strives to improve its cash flow position by focusing on its outstanding receivables. We have seen a positive trend of net days receivables decrease substantially over the last few quarters while improving our net profit margin. The sale of 2 older vessels in 2022 in a high-asset-prices environment has enabled us to further improve our cash flow, reduce short-term debt and position us well for future fleet expansion to maintain our competitive advantage as the largest IMO2 MR owner and operator in the world. This competitive advantage provides us with the flexibility we need to manage our balance of vessels' employments across short-term Spot, COAs and medium-term time charter-out contracts.

COVID-19 Updates

The end of the COVID-19 pandemic has facilitated an increased demand for Clean Petroleum Products (diesel, gasoline, jet fuel, etc.) and an increase in freight rates. Despite a small number of local restrictions in China, the overall number of global port delays due to COVID-19 has significantly improved. With the lifting of travel restrictions, our crews are able to return to pre-pandemic training levels, and ongoing on-board training is provided by experts directly.

Looking Ahead

Bahri Chemicals is cautiously optimistic about the prospects for 2023 and 2024, supported by our market dynamics. We see an opportunity to capture historically high asset prices to sell our older fleet and provide a strong cash flow and balance sheet cushion for future fleet expansion. In addition, we are planning to reinforce our Kingdom of Saudi Arabia based desk and open an Asia-Pacific desk to demonstrate our support to our Asia-based customers.

We are focused on maintaining our competitive advantage with a modern and efficient fleet of IMO2 MR chemical tankers, meeting the strictest requirements from customers and internal maritime regulations. At the same time, we are enhancing our service offering through diversification with stainless steel chemical tankers for the transport of specialty chemicals, reinforcing our position in the specialized fleet segment.

In addition, Bahri is focusing on maximizing returns to shareholders by identifying opportunities in sales and purchase activities, as the market is uniquely positioned with high asset prices, and considering selling older tonnage to reduce debt, improve net profit and cash flow. Bahri Chemicals is aligned with these objectives as we prepare for future fleet expansion.



Bahri Logistics

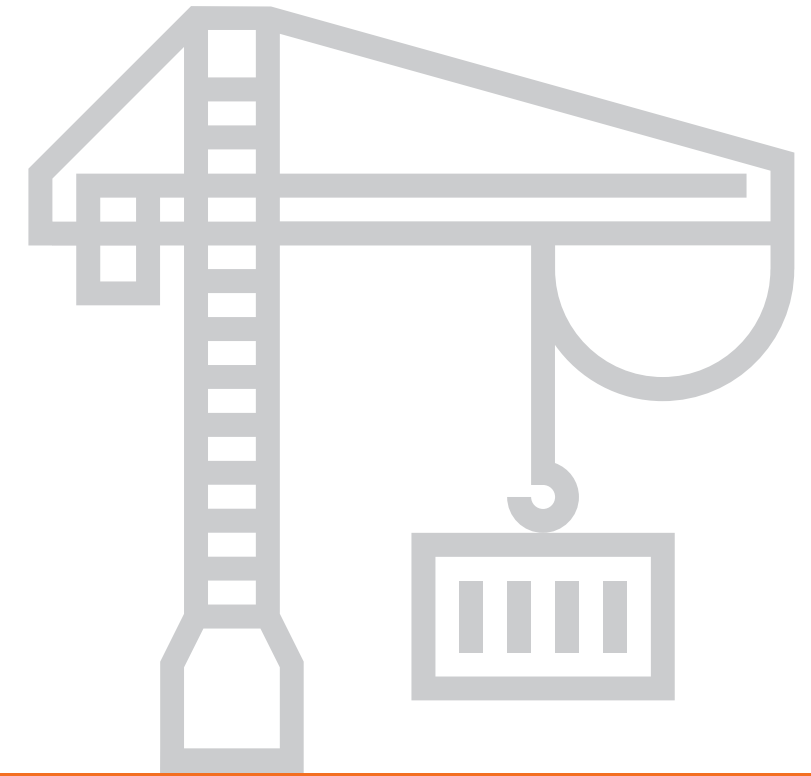
Bahri Logistics was established in 1979 as the first strategic company in the Bahri Group.



Acquired the remaining 40% share in Bahri Bollore Logistics



Signed 15-year agreement with IMI



In over 40 years of operation, we have focused on providing an optimal mix of shipping services specializing in subsurface storage capabilities.

Bahri Logistics is the leading supplier of direct shipping services from eastern and Gulf Coast USA to Jeddah, Dubai, Dammam, and Mumbai, including moorages in the Mediterranean region and European ports en route. We are one of the top 10 break bulk carriers globally and among the top 5 in Europe. We have a network of offices and agents worldwide and are fully compliant with anti-corruption policies. Our strategy is in complete accord with Vision 2030 objectives of transforming Saudi Arabia into a global logistics platform by expanding internationally and maximizing our overall capabilities.

Bahri Line operates uniquely designed vessels from ports on the Red Sea and the Arabian Gulf. We are the only supplier of regular shipping lines for RoCon plus cargo between the USA and Saudi Arabia, with an advanced multi-use fleet with an average age of less than 5 years.

Furthermore, we provide services to several leading global companies and Saudi public sector clients through long-term contracts. We are the exclusive carrier for the Saudi Ministry of Defense and Ministry of Interior and manage the private container yard at Jeddah Islamic Port. Relatively speaking, Bahri is the market leader in BBK and RORO cargo ex-US EC and GC into Middle East, and we look to secure further cargo and improve our market share.

Awards and Recognition

International Business Magazine 2022

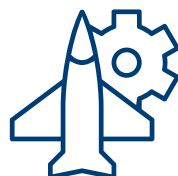
- Best Logistics Solutions Provider Saudi Arabia 2022
- Most Sustainable Fleet Management Company Saudi Arabia 2022



Our Verticals

Aerospace

Bahri Logistics' strong track record enables us to provide logistic solutions that are specific for the needs of the aerospace industry.



Perishables

Bahri Logistics is one of the biggest importers of perishables and food products to the Kingdom. Bahri Logistics has strong connections to farms and meat suppliers around the globe.



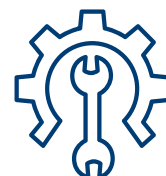
Oil and Gas

Bahri Logistics offers material resupply logistics solutions for trade houses of oil and gas (onshore and offshore) and petrochemicals, mining and metals, power and water industries.



Projects

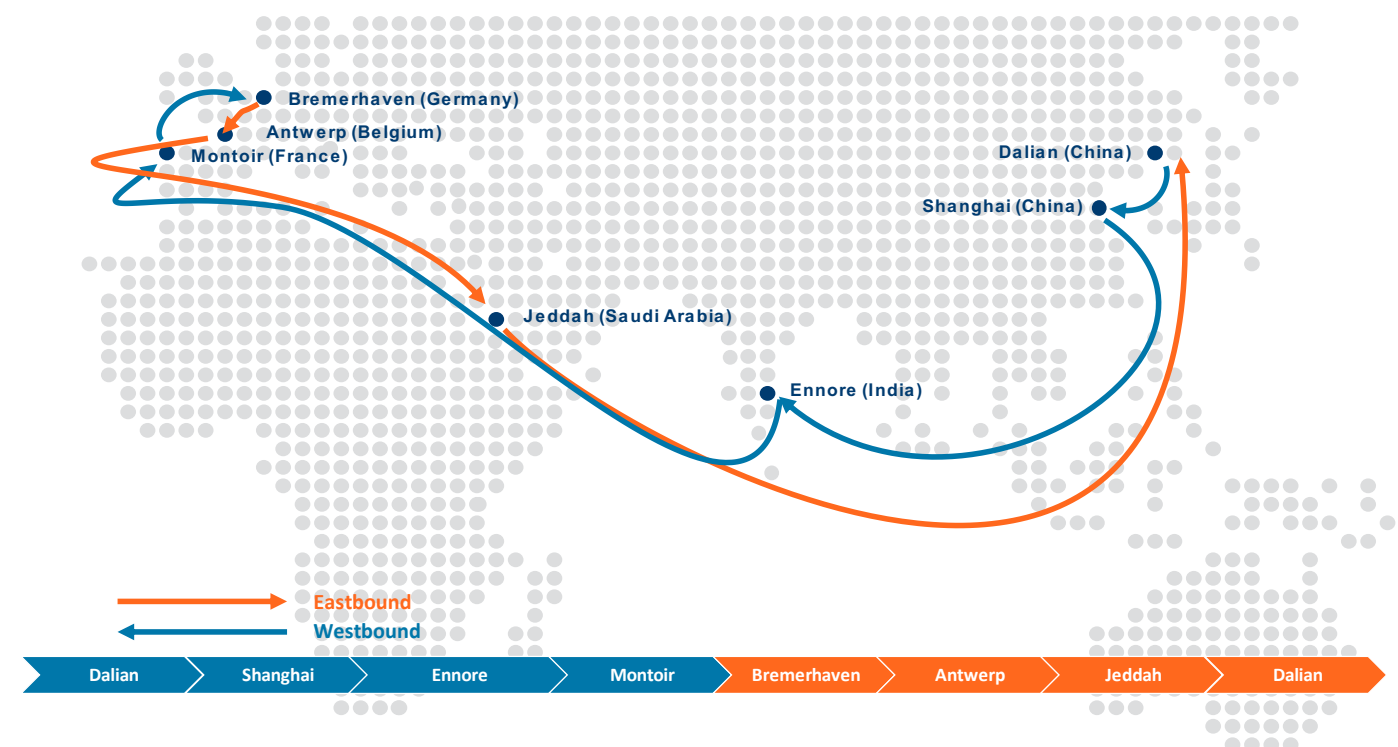
Bahri Logistics offers special logistics solutions for equipment traders and manufacturers, engineering, procurement, and construction (EPC) contractors as well as industrial plants and infrastructure (road/rail networks, port/airport expansion) industries.



NA Service Map (Around the World Service)



EA Service Map (Europe - Asia Pendulum Service)



Developments in 2022

Bahri Logistics has had several achievements in 2022. As a key milestone, we acquired the remaining 40% share in Bahri Bolloré Logistics, which was previously owned by the French Bolloré Group. The project offers integrated global services in logistics and supply chain management for local and global companies operating in Saudi Arabia. It seeks to effectively contribute to the realization of the Saudi Vision 2030 objectives and to the Kingdom's global ranking with regards to logistical services. Bahri Logistics and Bolloré Logistics will continue their partnership under a global agency agreement to serve existing and future clients. This agreement aims to leverage the strengths of both companies to develop solutions and services for local and international clients.

We also signed a Ministry of National Guard service contract, in addition to an MoU with MOSOLF to build a finished vehicle logistics ecosystem to support to support Automotive Manufacturing in Saudi Arabia. In addition, Bahri Logistics signed a 15-year agreement with IMI to provide logistics services. We also launched and implemented the new cargo wise 1 system, which will be a highly integrated global logistics execution platform supporting logistics companies in managing seismic changes in global trade.

Further, Bahri Logistics announced the launch of the Bonded Zone project. In this area (building), under the supervision of the competent customs department and the management of the operating company of the bonded zone (warehouse), the goods placed are suspended from duties and restrictions. It has its own Clearance General and Specialised (SFDA/SASO/Chemicals) services for the following locations:

- Jeddah Islamic Port
- Jubail Seaports
- Dammam Seaport
- Jeddah Airport
- Riyadh Airport
- Dammam Airport

Moreover, the warehouse is designed with a Very Narrow Aisle system (VNA) to maximize storage capacity in the vertical direction and provide more space for Value Added Services.

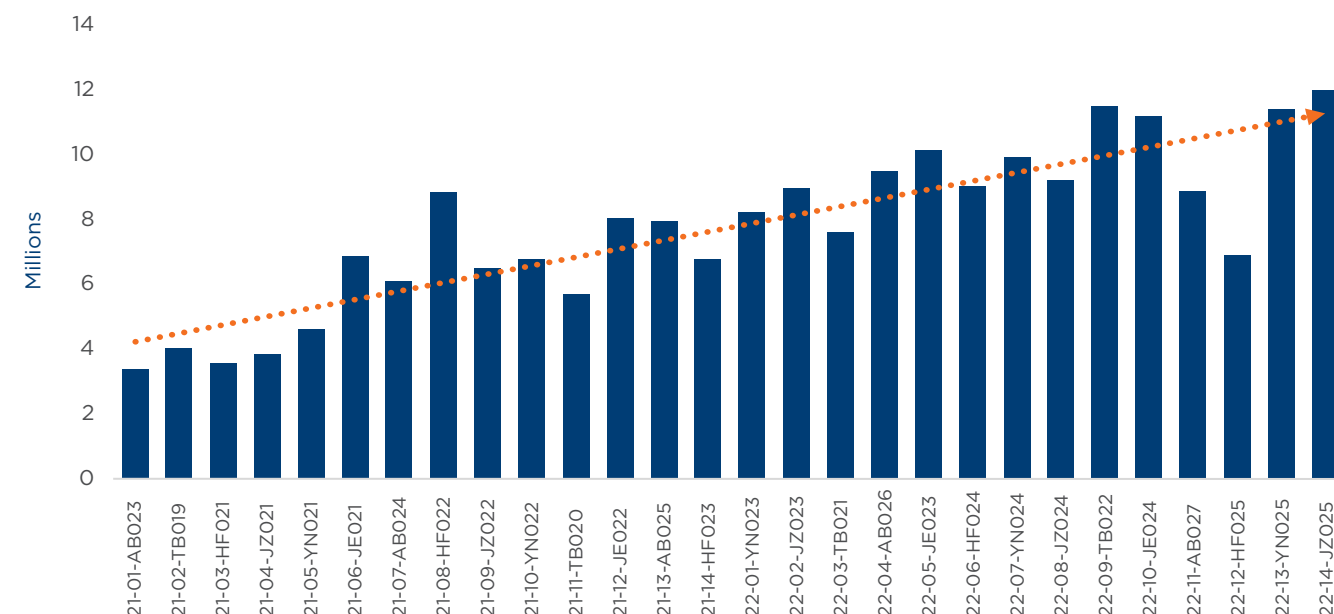
In 2022, Bahri Line began routing through the Panama Canal after China allowed their fleet to penetrate more of the market in Central and South America. From Q3 onwards, the Line would connect India, Indonesia, Vietnam and China with the eastern coast of the USA. This provided more competitive sailings and rates to capture further market share with access to Panama, Colombia, and Mexico. Bahri Line also secured new customers including Geely and Daimler and put a business development plan in place to further expand our customer base.

Bahri Line also supported existing customers such as Sany and Hansen to export more cargo to destinations outside of the USA. Moreover, we were able to secure new contracts from customers including GE and CAT to new destinations, such as Indonesia and Mexico.

In addition to these achievements, COVID-19 restrictions were also eased across the globe, allowing Bahri Line to carry further cargo.

Overall, Bahri Line's revenue continues to increase, and this has significantly contributed to Bahri's commercial success in 2022.

Revenue Trend (Bahri Line)



Coping with continuous changes and being ahead of the market in terms of updates, cargo movements and local regulations through our trusted partners and agents, we have the necessary advantage to soar and exceed our budgeted figures.



Looking Ahead

Bahri Logistics has established a clear growth path across industry verticals, products and services, and geographies. Moving forward, in terms of products, Air Forwarding will focus on obtaining the IATA license and launching the Bahri Logistics Console Service, while Sea Forwarding will focus on building LCL and ISO-Tanks. Road Forwarding will look to increase the managed fleet with specialty trucks. Finally, Contract Logistics aim to develop 3 main warehouses in the major cities of Jeddah, Riyadh, and Dammam. The warehouses offer the following services on pallet level and item level:

- Dry - Ambient - Cold storage
- Pallet - Carton - Piece level handling
- Value Added Services

In addition, we see significant opportunities for growth across our verticals in the coming years. For example, in our defense vertical, Bahri Logistics is specialized in Military Cargo D2D Transportation and Logistics services. In this space, we aim to capitalize on current partnerships in the sector and expand our market share. Finally, in terms of geographies, our growth focus will be on logistics countries with trade scale and captive demand, such as India, China and the USA.

Bahri Dry Bulk

In 2010, Bahri Dry Bulk (BDB), was established as a joint venture between Bahri and the Arabian Agricultural Services Company (ARASCO) as the Saudi national carrier, fully integrated shipowner and operator in the regional and global transportation of dry bulk commodities.



Aggregate carrying capacity of 3.0 million tons



Improved Saudization rate



Headquartered in Riyadh with a regional office in Dubai, BDB has undertaken the commercial and operational management of transporting bulk cargoes, primarily grain, coal and iron ore, along worldwide shipping routes to supply the world's food and energy needs.

Saudi Flagged
100%



Fleet Capacity
864,500 DWT



Commercial Offices
Riyadh and Dubai



Distance sailed
~650,000 NM



IMO
55% (EGCS- fitted) and
90% (BWM-fitted)



Trading Days:
100% Utilization



Transported Cargo
3,000,000 MT



Port Calls
180+ in 2022



Developments in 2022

By the end of 2022, BDB's fleet strength includes 9 operational Kamsarmax (In addition, 2 Ultramax is under the process to join the fleet by end of 1Q2023), all built in world-class shipyards and bringing the total fleet capacity to 864,500 DWT.

BDB has maintained strength in cargo transportation operations with an aggregate carrying capacity of 3.0 million tons during 2022, thereby achieving a healthy performance. To strengthen Bahri's strategic position, BDB is eager to continue expanding and diversifying the fleet going forward.

This year coincided with unprecedented and multilayered challenges for the dry bulk market. Nonetheless, BDB has been agile in the assessment of favorable market conditions and managed to diversify its commercial and operational management strategies of the fleet, with sound financial footing. Our performance is accentuated by our ability to uphold best-in-class international practices, thus enabling us a long-term exponential growth and a business continuity window.

On the commercial and operational front, our prudent approach to sail into the volatility and supply chain disruptions has granted us optimal TCEs, wherein we outperformed the market average index by 22%. We employ our fleet meticulously to maximize earnings by managing the interplay between short and long employments. Such strategic relationship allows us to have the dual benefit of providing operational efficiencies and sustaining Bahri Dry Bulk's strong position in the market.

As an active owner-operator, we constantly look to arbitrage cargo and vessel positions by taking in additional vessels on time charter, or reletting cargo commitments on a voyage basis.

Capturing and cementing Saudi Arabia's local identity has been at the forefront of BDB's aspirations since its inception. Therefore, our strategic focus is to contribute to the enhancement of the Kingdom's ecosystem. We strive to leverage our management capabilities and allocate the resources necessary to cater to and preserve the security of the food supply chain into the Kingdom by providing transportation services to the Kingdom's main ports.

Despite challenges looming over dry bulk market earnings, BDB managed to register a historical record high performance since establishment. As a result of our strategic initiatives, net revenue was SAR 294 Mn. at the end of 2022, up 16% from 2021, with a net income of SAR 126 Mn., and up by 18% from 2021.

Saudi Inbound and Outbound Cargo Capture

Considering our aim to facilitate the development of a diverse, sustainable, and globally competitive ecosystem in the Kingdom, the objective of localizing the marine and logistics industries have always been the cornerstone of our ambitions. This stems from our keenness to enable the security of supply chains to be successful in the maritime sector. Therefore, we continuously strive to increase our share of inbound and outbound cargos of key national layers.

In line with this objective, Bahri signed an MoU with Ma'aden, one of the fastest-growing mining companies in the world and the largest multi-commodity mining and metals company in the Middle East. The agreement seeks opportunities for collaboration in various fields, which is an essential step towards bolstering the Kingdom's raw materials trade. Accordingly, BDB has celebrated the execution of a Contract of Affreightment (CoA) signed with Ma'aden in February for shipments of fertilizer from Saudi Arabia to India and Pakistan.

Furthermore, BDB is collaborating with the Saudi Grains Organization (SAGO), one of the leading national institutions fulfilling the needs of most important food commodities in Saudi Arabia, to provide solutions to their shipping requirements, and subsequently supporting the grains imports to contribute to security of food supply chains in the Kingdom. Accordingly, BDB successfully managed to collaborate with SAGO this year to facilitate wheat imports into the Saudi Arabia.

In addition, BDB celebrated a momentous effort in establishing links and collaboration with key national players, namely: the Saudi Agricultural and Livestock Investment Co. (SALIC) and Mansour Al-Mosaid Group (MMG). We have been able to secure the Saudi flagged Kamsarmax, MV SARA, to carry out the voyage of barley from Australia to the Kingdom. BDB is proud to execute this trade and logistical framework and relationship with Saudi national grain players. To that effect, BDB will always ensure optimal experience and customer satisfaction when it comes to serving the world on primary resources, necessary for economic growth.



Strategic Regional and Global Cooperation

From the standpoint of strengthening and developing cooperation with key regional and international players, BDB has signed an MoU with ASYAD (Oman Shipping Company), Oman's global integrated logistics service provider. Both fleets have carried out multiple voyages, with shared objectives, competencies, and expertise in maritime transportation services.

In 2022, BDB also celebrated with the Giant Greek Shipowner: SeaTrader, as an MoU was signed during the Saudi Greek Investment Forum in Athens and while His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud was visiting. The terms of the agreement will enhance the companies' existing capabilities, establish avenues to seamlessly transfer technology and services, and help develop prosperity within the landscape of both national economies. This is in line with our ambitious pursuit of expanding market presence and growing parallel to other dry bulk shipping leaders. It also demonstrates our commitment to providing the highest standards of services to our customers.

In our efforts to reinforce the Kingdom's established position in the maritime sector, we continue to work towards the enrichment and diversification of the national economy, as envisioned by Vision 2030. As of July 2022, our entire fleet has raised the Saudi Arabian flag while catering to the world's demand of food and energy needs, contributing to the sustainability of the wider supply chain. The induction of our fleet into the national maritime fleet of Saudi Arabia will enhance Bahri's global ranking by the International Maritime Organization and will increase the size and efficiency of the Saudi maritime fleet.



The New Fleet Joins the National Saudi Maritime Fleet



Yanbu Port, Saudi Arabia



Kandla Port, India



Aqaba Port, Jordan



Rotterdam Port, Netherlands

Fleet Acquisition and Investment

Welcome Aboard 'MV GHADAH' and 'MV MUNIRA'



Built
2019

DWT (MT)
62,625

Draft (m)
13.36

Brean (m)
32.26

Length (m)
199.98

Engine Output (kW)
7,220

Speed (knots)
14



Built
2020

DWT (MT)
64,499

Draft (m)
13.54

Brean (m)
32.26

Length (m)
199.95

Engine Output (kW)
7,220

Speed (knots)
14

Aligned with our growth plans, BDB has successfully acquired 2 Ultramax vessels, taking another step in its fleet expansion plan. The state-of-the-art vessels were built in 2019 and 2020 at Oshima Shipbuilding, have a deadweight of 62,625 tons and 64,499 tons respectively, and are equipped with grabs and cranes. Both vessels are, in addition, equipped with scrubbers (EGCS) and Ballast Water Management Systems (BWMS). They are scheduled for delivery to BDB in the first half of the year of 2023.

With these vessels, BDB's fleet size has increased to 11, with a capacity of 864,500 MT. We consider this vessel segment to be the most versatile amongst the various dry bulk asset classes due to the optimal size and specifications, and the ability to load and discharge cargoes without shore-based port equipment/infrastructure. The segment operates along many geographically dispersed global trade routes, mainly carrying grains and minor bulks, with a versatility and flexibility that provides for improved risk-adjusted returns.

New Technology and Innovation

In today's rapidly evolving and highly competitive marketplace, digitalization and data analytics is a key driver to secure our future ambitions. In our efforts to contribute to the digital transformation action plans of Bahri, we have decided to allocate resources to invest in innovative technologies to boost efficient operational performance of our fleet. To optimize the fleet performance, BDB invested in Smartship, a technological software engineered to accommodate advanced ship monitoring systems, hull monitoring and predictions, as well as engine room monitoring systems. As a result, we are continuously and rapidly collecting data retrieved from our fleet, thereby allowing us to monitor and assess our energy efficiency measures taken to ensure optimal, efficient, yet profitable and optimized performance.

Furthermore, we have maintained several Dashboards championed by the Data Orchestration Project Initiative at Bahri. Wherein, Dashboards showcasing key measures linked to our vessels' daily itineraries, engines, and other equipment onboard performance, show us vast analysis on multiple key performance indicators.

Our People

Bahri Dry Bulk has continued its efforts to attract Saudi talents with the right skills and aptitudes through our corporate-wide Graduate Development Program (GDP). We welcome the joining of Saudi talents through the program, as a bespoke development avenue to expose new joiners to the various aspects of the business and operations in addition to functions and activities beyond the business units. As a result, we are proud to contribute strongly towards improving the Saudization rate in Bahri Dry Bulk.

Environmental Sustainability

BDB strives to promote environmental stewardship and encourages the achievement of zero incidents. In addition, we focus on reductions of emissions, zero spills, superior services to our charterers and maximum value for our shareholders. As part of our culture, we encourage reporting near misses or inefficiencies and implementing modern, cost-effective solutions to mitigate the risks associated.

To that effect, as per Marpol Annex VI commissioned by the IMO regarding the sulfur cap regulation, we invested in the installation of Exhaust Gas Cleaning Systems (EGCS) onboard of four of our vessels. Additionally, all our newly purchased acquisitions and vessel investments are Scrubber fitted as we consistently align with changes in maritime regulations. As a result, 55% of our fleet is equipped with the Scrubber system.

Furthermore, and in compliance with the IMO's Ballast Water Management Convention, 90% of our fleet are fitted with the BWTS and we are targeting 2023 to have 100% of our fleet complied with the regulation.

BDB will continue aligning with environmental compliance as we continuously leverage our talents and resources to minimize any negative impact caused by our activities at sea.

Looking Ahead

Looking forward, we are eager and determined to sustain a globally competitive ecosystem in the Kingdom, founded by our efforts of localizing the marine and logistical industries, the cornerstone of our ambitions. On a global scale, we strive to accelerate our mission to maintain an active role in the supply chain of dry bulk commodities, wherein utmost practices are in place to upscale global reach in order to tackle growth strategies in line with the wider global economy.

BDB's fleet size has increased to **11**, with a capacity of **864,500 MT**.

Bahri Ship Management

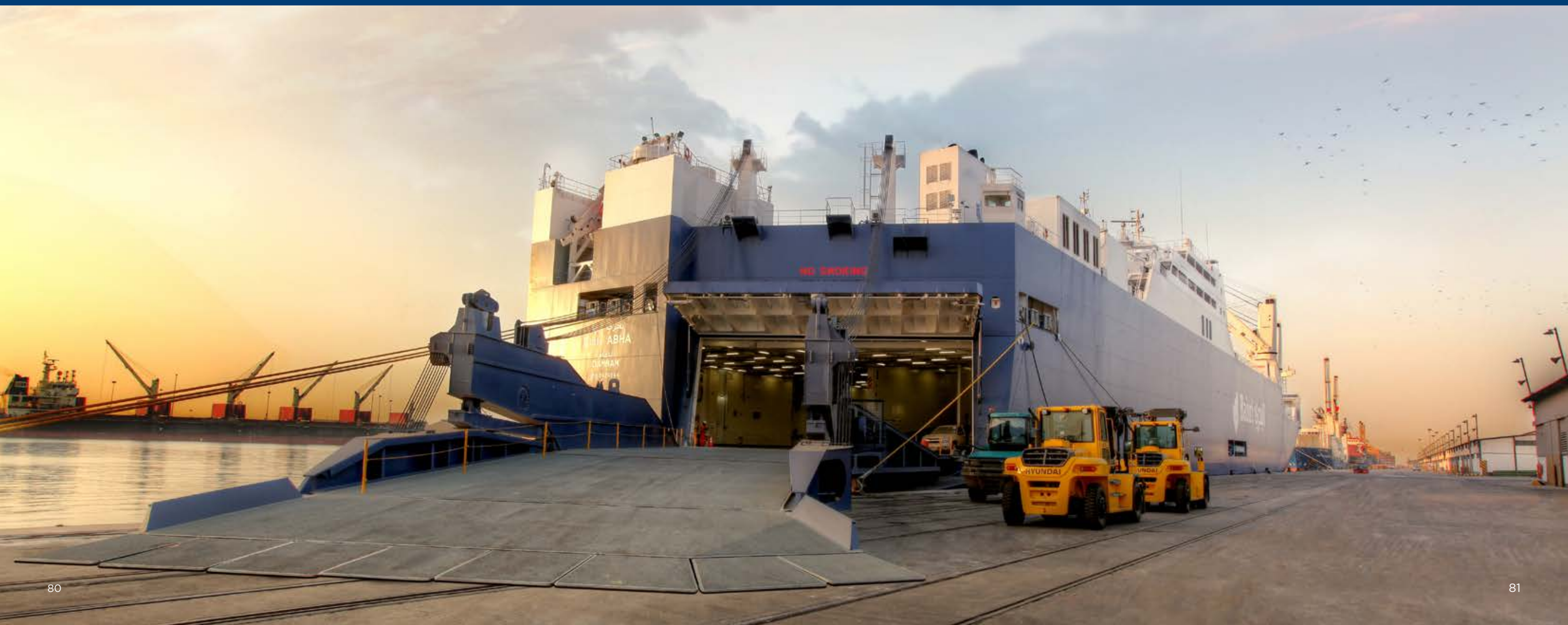
Bahri Ship Management (BSM) was established in 1996 as a wholly owned ship management company that offers a full range of ship management and marine support services for Bahri Group.



Improved scoring
across several metrics



Launched an online
training platform



This includes technical services, crewing, new building, ship security, purchasing and contracting, bunkering, and operations. We operate to the highest international standards of safety and quality and have one of the industry's lowest accident and on-board injury rates.

We are among the leading operators working in the Kingdom of Saudi Arabia, the USA and Far East ports. BSM works according to the strictest ship management regulations, including the International Safety Management (ISM) Code, UN Law of the Sea (UNCLOS), Port State Control (PSC), and classification society rules.

Developments in 2022

Bahri Ship Management had several key achievements in 2022. BSM supported the expansion of Bahri's fleet by completing the construction and delivery of 9 advanced chemical tankers. These have improved our fleet's age profile and enhanced our commercial operations.

Our success in 2022 is reflected in the improvements in our scoring across several metrics. With Port State Control (PSC) we have improved our performance in PSC deficiencies per inspection ratio with 0.57 observations per inspection compared with the industry average of 2.34 for Paris MoU and 1.96 for Tokyo MoU. With regards to the Ship Inspection Report Program (SIRE), our average observation and inspection is 2.32 compared with the industry average of 2.33. Our score from the Chemical Distributions Institute (CDI) is 1.89 (CDI statutory) observations per inspection and 3.52 in total. The total figure has improved from 2021 at 3.86, demonstrating an upward trend in performance.

In 2022, BSM completed the EEXI study for compliance and calculations for the historical Carbon Intensity Index ratings. We are in the process of developing a dashboard that updates the CII rating based on daily noon reports, which will be available to the Ship Management team as well as commercial operators for planning purposes. We have also streamlined the monitoring of energy consumption on board our ships to optimize fuel usage and reduce emissions.

Finally, we are proud of the heroic efforts by the Captain and crew of one of our chemical tankers in rescuing 35 people from a sinking vessel in the waters of Malacca Strait.

Our People

In line with our continued efforts towards acquiring and developing the best talents, in 2022, a total of 180 Saudi cadets and 58 cadets from other nationalities were trained on board our vessels.

We also launched an online training platform and created our first in-house training course. The course was introduced to 100 crew members. We were also able to have 110 Bahri crew members attend the Manila crew conference, a flagship event in the maritime sector that connects the global crewing community. The conference covered sustainability issues, crew management, training and safety, and overall seafarer wellbeing.

Saudi Port Authority 'Mawani' recognized Bahri Yanbu and NCC Ghazal for commitment to safety regulations and environment. Vessels were awarded a citation by the Director of Marine Inspection—KFYIP.

Liberian Registry provided a Commendation letter to Bahri Ship Management on an excellent Port State Control Performance over the last 2 years.

Mideast Ship Management have 64 vessels approved for the QUALSHIP21 program. Mideast Ship Management have 40 vessels under the Saudi Flag and 3 vessels under the Liberian Flag approved for the program.



Improvements in Our Technology

This year, BSM installed and commissioned SmartShip systems on 40 vessels. SmartShip is a platform that provides a comprehensive integration for the monitoring, analyzing, diagnostics, and troubleshooting of various systems on board the vessels. It is based on creating a digital twin of the vessel by receiving inputs from the on-board alarm monitoring, navigation and cargo systems for real time monitoring of trends and provides early warnings for deviations. It can also be used to monitor hull performance and energy consumption and has modules for optimizing voyage fuel consumption and monitoring charter party compliances.

In addition, we set up the Performance Monitoring Center with aims to become a centralized support system providing data and analytics-driven guidance and recommendations to be used for decision-making by technical, safety, and crewing operations. Powered by high-frequency data from the vessels, in the areas of speed and consumption, energy efficiency, and hull performance, the aim is to pre-empt breakdowns, enhance predictive maintenance, and monitor regulatory compliance.

BSM has also installed Augmented Reality Navigation in all new chemical vessels built in 2022. This equipment provides substantial support in the safety and security of the voyage by offering visual support to navigation and maneuvering.

Finally, to improve the efficiency and performance of radars installed on board, all recently delivered newbuild vessels have adopted Solid State Radars. These radars reduce the generated power impulse and will produce clear echo images even from small crafts, significantly enhancing navigational clarity.

HSE and Sustainability

To gauge the safety culture within the organization, BSM conducted a SCORA survey on board and in the ship management office. A dedicated SCORA Committee was established to address the weak areas identified in the survey. We have also started the development of a policy and procedure on human elements based on OCIMF guidelines, which will consider various aspects and their influence on human behavior.

In addition, BSM has implemented a new initiative of employing our own Master and Chief Engineer as dedicated Safety Training Officers (STO). These STOs will sail on board ships for about 3 weeks to develop and implement on-board training after a safety culture assessment.

Looking Ahead

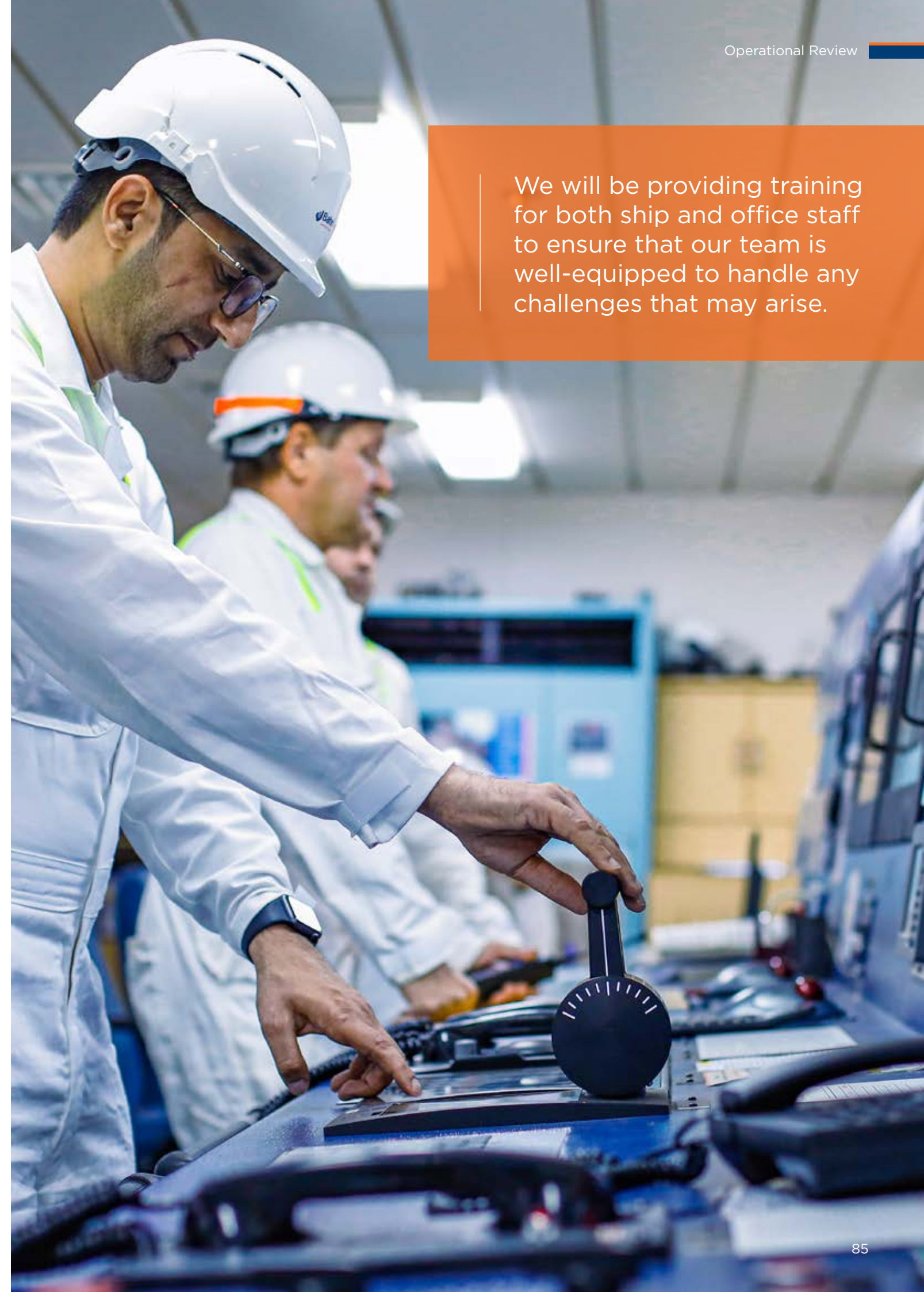
BSM has a positive outlook for the coming year. One major initiative we have planned is upgrading our in-house Mideast Information and Planning System (MIPS), which covers a range of modules including vessel purchasing and contracting, accident and incident reports, documentation systems, bunker systems, planned maintenance systems, daily reporting, spares and inventories, budgeting, dry-docking projects, emissions reports, vessels' certificates, and more.

In addition to improving the efficiency of our operations, we also focus on improving the safety culture on board our fleet. We will be providing training for both ship and office staff to ensure that our team is well-equipped to handle any challenges that may arise. We also plan to conduct 4 Senior Officers Conferences throughout the year to bring our team together and discuss important issues related to safety and operation of our vessels.

We will be actively engaged with engine makers, classification societies, and other like-minded institutions in the study of alternative fuels and emission reduction technologies. These collaborative efforts will not only help us meet the GHG challenges of the coming years, but also fulfill the wider goals of the Saudi Vision 2030 sustainability initiatives.

Finally, we will be working on digitalizing our forms and checklists, streamlining our processes, and making it easier for our team to access important information and complete tasks. Overall, we are confident that these initiatives will help us to continue providing top-quality services to our clients and ensure the success of our business in 2023.

We will be providing training for both ship and office staff to ensure that our team is well-equipped to handle any challenges that may arise.



Bahri Fleet

We are taking the initiative to expand our fleets under management and create innovative new ways of securing more business and optimizing our operations.



VLCC Fleet 2022

Ship Name	Built	Length (m)	Beam (m)	Net DWT	No of tanks	Speed (knots)
Harad	2001	333	58	303,116	17	17
Marjan	2002	333	58	302,977	17	17
Safwa	2002	333	58	303,139	17	17
Lulu	2003	333	60	316,507	17	15
Wafrah	2007	333	60	317,788	17	17
Layla	2007	333	60	317,821	17	17
Jana	2008	333	60	317,693	17	17
Habari	2008	333	60	317,664	17	17
Shaybah	2008	333	60	319,429	17	16
Manifa	2008	333	60	319,428	17	16
Jaham	2008	333	60	319,430	17	16
Jaladi	2008	333	60	319,464	17	16
Khuzama	2008	333	60	319,423	17	16
Karan	2009	333	60	319,411	17	16
Kahla	2009	333	60	317,521	17	17
Dorra	2009	333	60	317,458	17	17
Ghazal	2009	333	60	317,388	17	17

Ship Name	Built	Length (m)	Beam (m)	Net DWT	No of tanks	Speed (knots)
Sahba	2009	333	60	317,563	17	17
Farhah	2010	333	60	319,302	17	16
Ghinah	2010	333	60	319,141	17	16
Niban	2010	333	60	319,286	17	16
Nisalah	2010	333	60	319,288	17	16
Kidan	2010	333	60	321,234	17	15
Wedyan	2010	333	60	321,234	17	15
Arsan	2010	333	60	314,000	17	15
Dilam	2010	333	60	314,000	17	15
Awtad	2011	333	60	309,988	17	15
Amjad	2017	333	60	299,772	17	15
Maharah	2017	333	60	299,772	17	15
Aslaf	2017	333	60	299,772	17	15
Rimthan	2017	333	60	299,772	17	15
Shaden	2017	333	60	299,772	17	15
Amad	2017	333	60	299,772	17	15
Kassab	2017	333	60	299,772	17	15
Khurais	2017	333	60	299,772	17	15
Lawhah	2017	333	60	299,772	17	15
Qamran	2017	333	60	299,772	17	15
Rayah	2021	333	60	318,936	17	15

Total DWT
11,857,349

Chemical Tankers Fleet 2022

Ship Name	Built	Length (m)	Beam (m)	Net DWT	No of tanks	Speed (knots)
NCC ABHA	2006	183	32	46,000	22	14.5
NCC AMAL	2012	183	32	45,500	22	14.5
NCC DAMMAM	2008	183	32	46,000	22	14.5
NCC DANAH	2013	183	32	45,500	22	14.5
NCC HAIEL	2008	183	32	46,000	22	14.5
NCC HIJAZ	2005	183	32	46,000	22	14.5
NCC HUDA	2011	183	32	45,500	22	14.5
NCC MAHA	2009	183	32	46,200	22	14.5
NCC NAJD	2005	183	32	46,000	22	14.5
NCC NAJEM	2012	183	32	45,500	22	14.5
NCC NASMA	2011	183	32	45,500	22	14.5
NCC NOOR	2011	183	32	45,500	22	14.5
NCC QASSIM	2006	183	32	46,000	22	14.5
NCC QAMAR	2009	183	32	46,200	22	14.5
NCC REEM	2012	183	32	45,500	22	14.5
NCC SAFA	2011	183	32	45,500	22	14.5
NCC SAMA	2012	183	32	45,500	22	14.5
NCC SHAMS	2012	183	32	45,500	22	14.5
NCC TABUK	2006	183	32	46,000	22	14.5
NCC Tihama	2006	183	32	46,000	22	14.5
NCC Bader	2014	183	32	49,990	22	14.5
NCC Ghazal	2014	183	32	49,990	22	14.5
NCC Jood	2014	183	32	49,990	22	14.5
NCC Masa	2014	183	32	49,990	22	14.5
NCC Wafa	2014	183	32	49,990	22	14.5
NCC Fajer	2013	228	37	75,000	30	14
LORA	2022	183	35	55,000	22	14.5
RENAD	2022	183	35	55,000	22	14.5
MARIA	2022	183	35	55,000	22	14.5
FATIMAH	2022	183	35	55,000	22	14.5
AMIRA	2022	183	35	55,000	22	14.5
HAYAT	2022	183	35	55,000	22	14.5
ZAHRA	2022	183	35	55,000	22	14.5
YAQUT	2022	183	35	55,000	22	14.5
MONA	2022	183	35	55,000	22	14.5

Total Tanker DWT
1,735,350

RoCon Fleet 2022

Ship Name	Built	Net DWT	Draft (m)	Beam (m)	Length (m)	Capacity (TEU)	Speed (knots)
Bahri Abha	2013	26,000	10	32	225	2,500	17
Bahri Hofuf	2013	26,000	10	32	225	2,500	17
Bahri Tabuk	2013	26,000	10	32	225	2,500	17
Bahri Jazan	2013	26,000	10	32	225	2,500	17
Bahri Jeddah	2014	26,000	10	32	225	2,500	17
Bahri Yanbu	2014	26,000	10	32	225	2,500	17

Dry Bulk Fleet 2022

Ship Name	Built	Net DWT	Draft (m)	Beam (m)	Length (m)	Capacity (TEU)	Speed (knots)
Bahri Arasco	2013	81,855	14	32	229	9,840	15
Bahri Grain	2014	81,855	14	32	229	9,840	15
Bahri Bulk	2014	81,855	14	32	229	9,840	15
Bahri Wafi	2014	81,855	14	32	229	9,840	15
Bahri Trader	2014	81,855	14	32	229	9,840	15
Sara	2020	80,729	14	32	229	9,665	15
AlAnood	2020	80,729	14	32	229	9,665	15
AlJazi	2020	80,729	14	32	229	9,665	15
Hessah	2020	80,729	14	32	229	9,665	15

Clean Petroleum Products (CPP) Fleet 2022

Ship Name	Built	Net DWT	Draft (m)	Beam (m)	Length (m)	Capacity (TEU)	Speed (knots)
Bahri Iris	2005	Tanker	200	32	49,000	14	14
Bahri Jasmine	2005	Tanker	200	32	49,000	14	14
Bahri Rose	2006	Tanker	200	32	49,000	14	14
Bahri Tulip	2006	Tanker	200	32	49,000	14	14



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4

Sustainability at Bahri

Bahri seeks to grow a prosperous, responsible, and resilient company that benefits the Kingdom's economy, as well as enriches the lives of our people and local communities without jeopardizing the health of our environment.

Increasingly, shipping companies are required to adhere to a variety of evolving environmental, social, and governance (ESG) related legislation and requirements, and to continuously show how they deal with various ESG factors related risks. At Bahri, we aim to set an example as a responsible corporation, committed to incorporating sustainable practices into every area of its business and embedding ESG in the fabric of our Company's culture.

Our Sustainability Management Approach

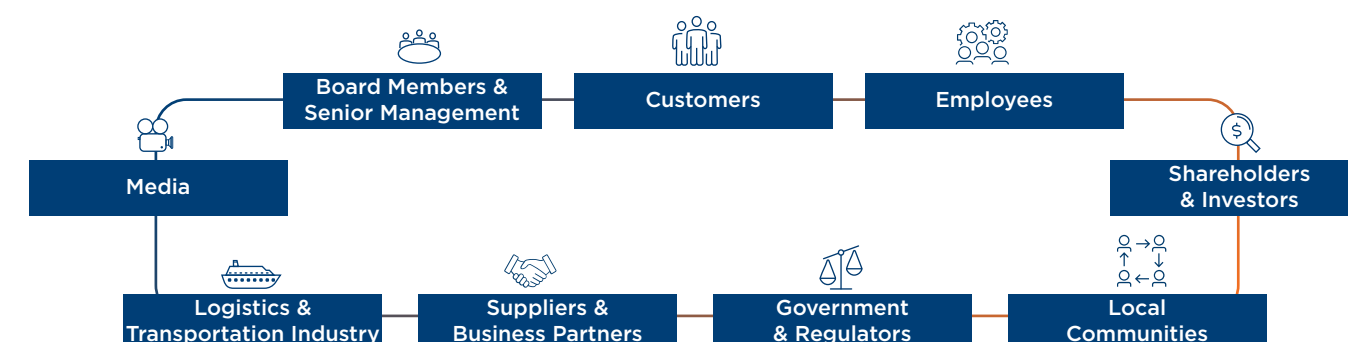
Bahri recognizes the importance of the maritime shipping sector in reducing the effects of climate change and fostering a more widespread adoption of sustainable practices. Together, our management approach and sustainability framework aim to make us agile in adapting to emerging sustainability trends, responding to challenges, recognizing, and seizing future opportunities. *To learn more about our sustainability management approach and efforts for the year 2022, you can refer to our standalone sustainability report.*

Our sustainability framework consists of four main pillars: Environmental Protection, Responsible Business, People and Safety, and Creating Value. These pillars encompass the key ESG topics that are of material importance to our business and in line with Bahri's overall corporate strategy and business aims.

Stakeholder Engagement and Materiality

ESG reporting should address the disclosure needs of customers, investors, business partners, employees, and society in general, as well as provide an overview of the current transparent ESG performance of the

company to reaffirm its position and reputation in the public eye. Our stakeholders therefore play an essential role at Bahri. We aim to keep our stakeholders engaged and informed about the best practices and latest sustainability trends applicable to our sector, ensuring our business operates in a responsible and sustainable manner.



Bahri's Sustainability Framework

Responsible Business

- Governance and Compliance
- Risk Management, Accident and Disaster Response
- Customer Satisfaction
- Digitization
- Innovation and R&D

Environmental Protection

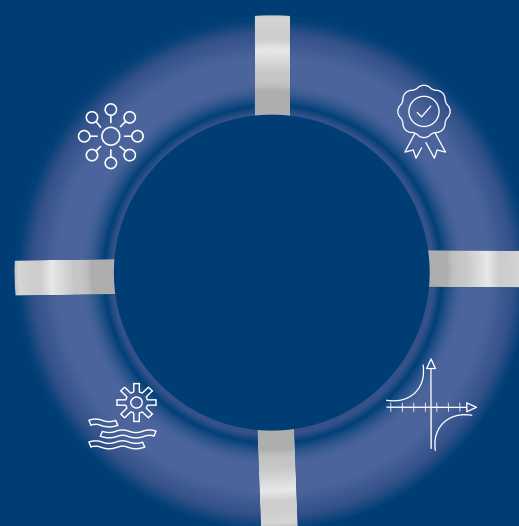
- Climate change
- Biodiversity and Ecological Impact
- Ship Recycling
- Wastewater and Waste Management

People and Safety

- Occupational Health and Safety
- Workforce Training and Development
- Diversity and Inclusion
- Human rights

Create Value

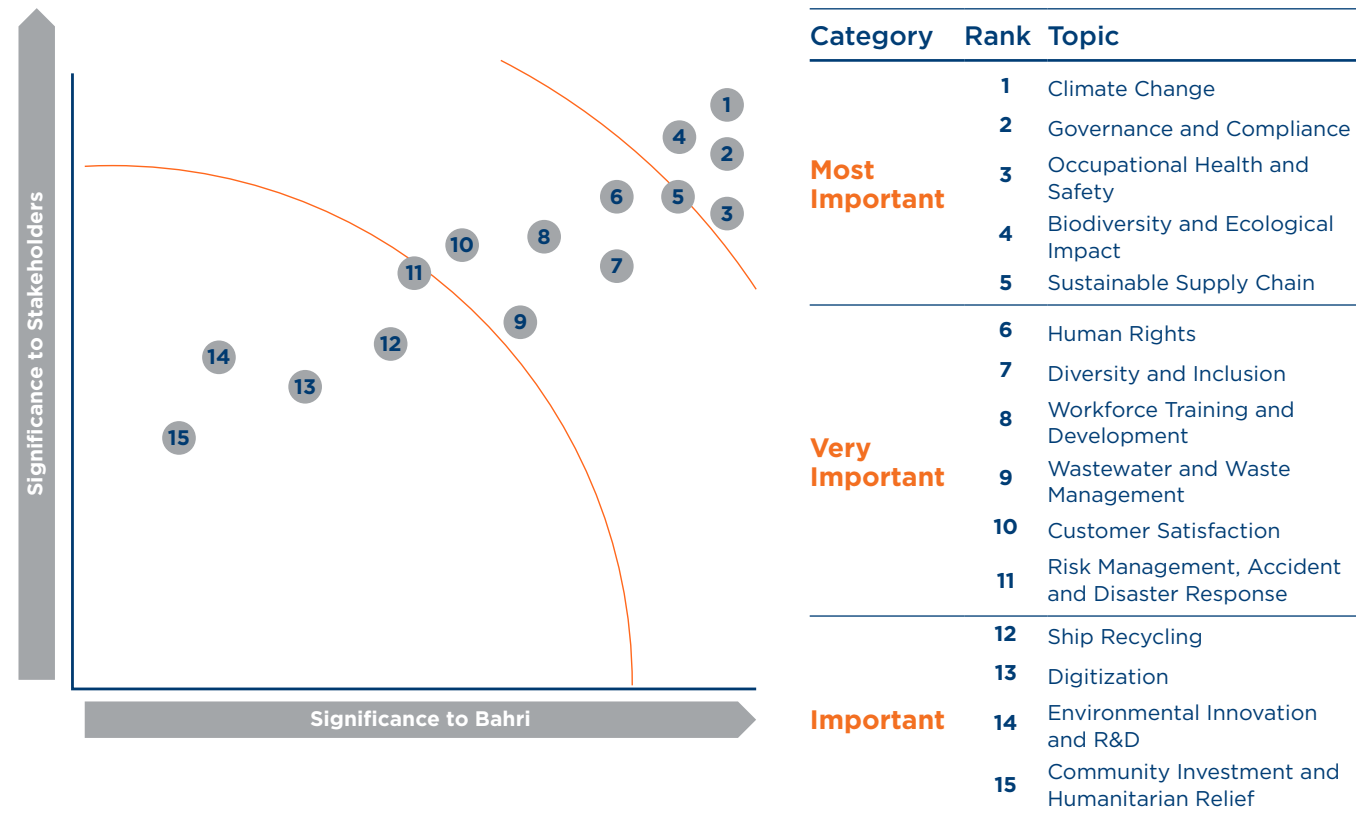
- Sustainable Supply Chain
- Community Investment and Humanitarian Relief



Materiality: The Issues That Matter Most

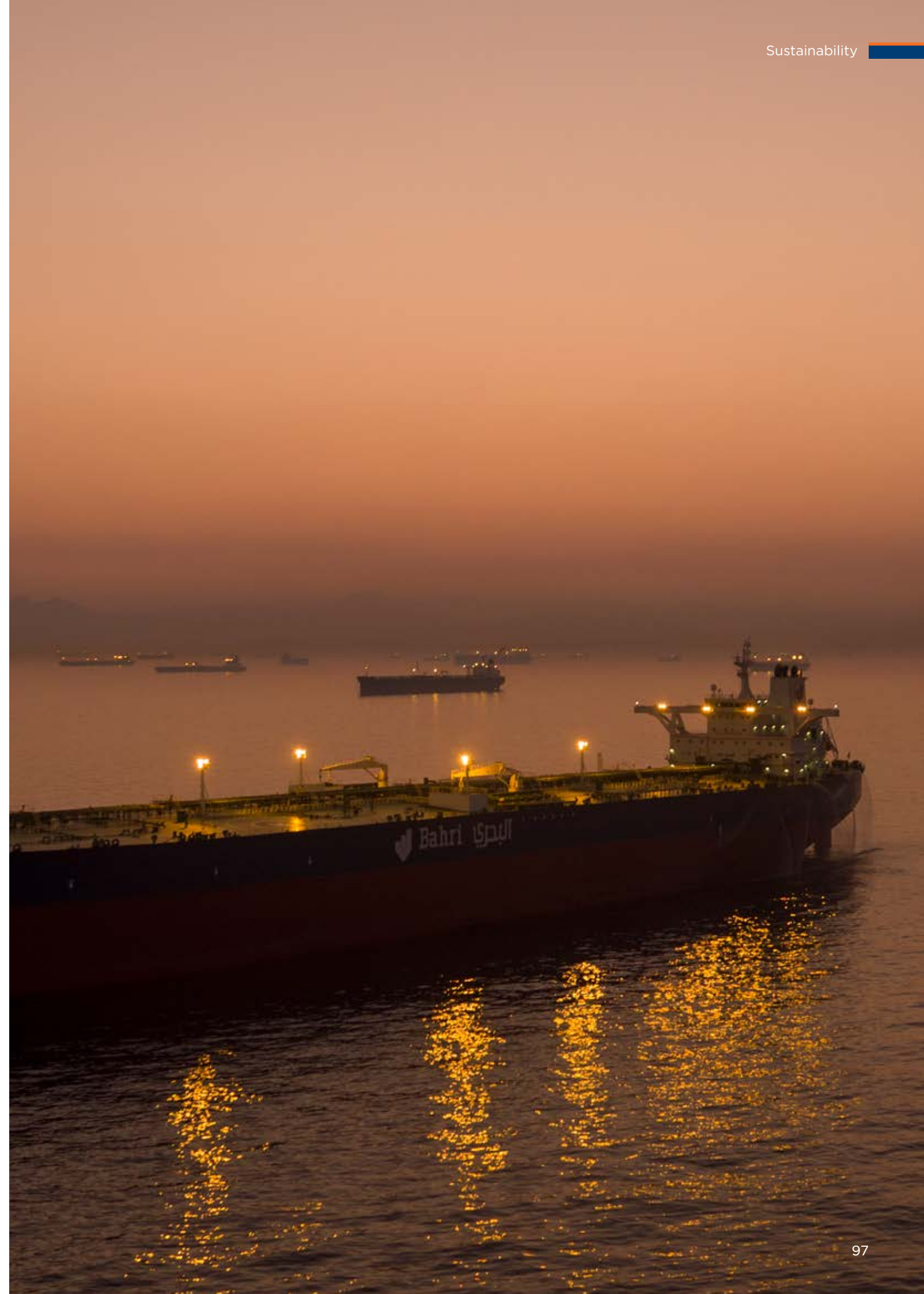
Bahri regularly examines sustainability challenges and their relation to our business, as this helps us to identify key ESG risks and opportunities and plan strategic actions around these issues which aids us

to set targets and prepare for the future in the most efficient way. Our sustainability matrix is composed of 15 material topics that Bahri and its stakeholders believe are significant and can bring the highest opportunities while also posing some risks.



Aligning to National and International Priorities

To guarantee that our sustainability management approach delivers value over time, our sustainability framework incorporates the ESG aspects that are relevant to our business activities and contribute to national and international sustainability priorities. Reputable sustainability standards and national goals guide our approach and mindset at Bahri. We always seek to reaffirm our commitments towards the Kingdom of Saudi Arabia's sustainable development by adopting and aligning to Vision 2030, concurrently adopting international standards, and aligning our commitments with the global UN Sustainability Development Goals (SDG's). Bahri is focused on delivering value to 8 of the SDG's that can help us maximize our positive impact.



Environmental Protection

Bahri is committed to cutting emissions by 50% by 2050 and reducing our negative environmental impact on the plant's resources by operating efficiently and ethically.

Our environmental policy coupled with our Environmental Management System (EMS), allow us to track and measure important environmental indicators and respond quickly to any risks or challenges when necessary. Furthermore, our technical arm, the Bahri Ship Management office, and all our ships are ISO14001 certified, and we adhere to all the Annexes of the International Convention for the Prevention of Marine Pollution from Ships (MARPOL). We regularly review and improve our management system by creating tangible targets and deploying improvement programs where possible.

Climate Change and Energy

As per the International Maritime Organization (IMO)'s requirements Bahri has developed a ship specific Ship Energy Efficiency Management Plan (SEEMP) for each of the ships. The approved Part III of this plan is based on the requirement for the Carbon Intensity Index calculations and their reporting to the IMO which will be reviewed and updated on an annual basis. Bahri's targets and requirements for carbon intensities for each vessel are described in the SEEMP. Bahri is currently working with 3rd party service providers to help develop an in-house dashboard to monitor daily emissions, helping us predict, plan, and implement strategies to reduce emissions and improve our energy use.

Our ship performance monitoring tool "Smartship®" has been installed and commissioned on 40 vessels. This system builds synergy between our different systems and assets onboard, thus providing excellent analytical capabilities. Using this system, we have monitored and analyzed the energy consumption on board the ships and identified areas or operations which could be optimized to reduce fuel consumptions and hence reduction efforts for carbon emissions. This year we have managed to slightly decrease our Direct GHG emissions as a result.

Our ships are equipped with their own generators for electricity, which run by burning fuel or gas oil. As part of our commitment to reducing onboard power consumption, we set up a program last year for replacing florescent lights with LED lights on many more of our ships. This program was enacted following a performance review on the four pilot vessels which were completed in 2021. Other initiatives have been recently put in place for monitoring energy consumption and to initiate operational changes. We use Power BI driven analytics to monitor and evaluate energy consumption and efficiency and run comparisons across different groups of vessels as well as against benchmarked targets to monitor our operations constantly, which guides and supports our ships in reducing and optimizing their energy usage. Moreover, by monitoring and benchmarking the hull performance parameters, we are able to plan for hull cleaning if we see a degradation in performance that could possibly be attributed to hull fouling. Nonetheless, Bahri produces quarterly reports that are shared with the technical operations group to ensure proper monitoring of energy consumption. A few insights have been shared this year with our operations group and corrective measures were implemented to help optimize consumption.

Our overall electricity consumption increased due to the increase in the number of ships we operate, hence why we have started to report on the intensity of electricity generated per ship.

Water Management

As part of our goal to use water consciously and sustainably at Bahri, we have implemented several management approaches across our day-to-day operations to ensure we use water efficiently. Almost all the water consumed on our ships comes from using onboard freshwater generators that utilize recovered energy. Moreover, our vessels are fitted with vacuum toilet flush systems to conserve water usage.

In 2022, Bahri participated in the 3rd MENA Desalination Projects Forum, the biggest forum of its kind in the region. Bahri's state-of-the art solutions were showcased in the field of desalination and helped us to strengthen our partnerships as well as gain valuable insights.

Our water consumption increase was due to the increase in the number of ships we operate.

Waste Management

Waste management as a critical component of Bahri's strategy to achieve positive environmental impact. Poor waste management can contribute to air pollution and climate change affecting many ecosystems and species. We generate less waste at Bahri by tracking our waste consumption and disposal, while seeking improvement opportunities to improve the waste management systems in our offices and fleet.

In 2022 during ship-to-ship transfer there occurred a minor oil spill of about 200mls. Though the spill was minor, Bahri recognizes the responsibility we hold in all such instances and thus carried out a contingency standard procedure during which all concerned parties were informed. Furthermore, the incident was investigated thoroughly to identify the root causes and the proper corrective as well as preventative measures.

Biodiversity and Ecological Impact

Bahri's ships comply with the IMO 2020 regulations governing Sulphur in fuels and our vessels have been surveyed and are in compliance with Hong Kong and European Union (EU) conventions governing the Inventory of Hazardous Materials (IHM).

When designing new build vessels, Bahri follows elements from the IMO guidelines for reducing underwater noise pollution. These include optimizing the hull form design, model, and propeller cavitation tests to name a few. Bahri conducts inspections of the hull and propeller of each vessel in operation at least once a year. Cleaning of the hull and polishing of the propeller are carried out based on these inspections and the hull performance analysis reports. This helps ensure that the hull and propeller are in optimum condition, hence reducing cavitation and minimizing hull resistance which are all causes of noise pollution.

As part of our continuous efforts to reduce our negative impact on marine life, all Bahri vessels follow the strict IMO guidelines when sailing in Emission Control Areas or Special Areas as defined under MARPOL. Further, we avoid sailing in particularly sensitive sea areas and abide by local laws and regulations in this regard. Bahri puts preventative actions in place to minimize accidental and operational discharges. For example, on product and chemical vessels, tanks that are not normally used are temporarily converted so they can store sewage when the vessels trade in congested waters, eliminating the need to discharge sewage during port calls. Moreover, we use compatible fuels and exhaust gas cleaning systems or scrubbers, as well as restricting solid and liquid waste discharges into the sea. Bahri has a formal policy on reducing marine pollution and biodiversity and our targets were revised in 2022.

Most of Bahri's vessels comply with the D2 standards of the IMO's Ballast Water Management Convention requirements which only discharge water after it has been treated. Moreover, the remaining vessels will comply with the D2 standard after they get fitted with the Ballast Water Treatment system as per the individual vessel's compliance date. This means that we either discharge Ballast Water after it has been treated or exchanged in open seas away from any coastal areas.

Responsible Business

We remain committed to the highest standards of corporate governance and compliance and have adopted a rigorous approach to risk management.

Our definition of responsible business extends beyond governance, compliance, and risk to cover value creation which is the ultimate vision of the company and the driving force for sustainable performance. The shipping industry is highly vulnerable to many potential instances of financial and governance wrongdoing. We work diligently to address how we manage our corruption risks and aim to enhance our transparency through a strong governance approach.

Governance and Compliance

Bahri is an official member of the Maritime Anti-Corruption Network (MACN), a global group of more than 182 members that work together to tackle corruption in the maritime industry.

Proper and transparent communication is the one value that Bahri believes in and considers to be the most important for having smooth operations and harmony among its workforces. Therefore, we have developed several policies to reinforce our in-house governance system. It champions transparent and open communication throughout the Company and expresses the principles and ethical culture that the company seeks to instill in the workplace. All new hires are informed about Bahri policies and procedures as part of their induction, with employees undergoing regular refresher sessions through the year to ensure their full understanding and compliance.

In recognition of its commitment to adhering to the latest standards of Business Continuity Management System (BCMS) and establishing robust business continuity strategies, Bahri was awarded the ISO 22301:2019 certification by the British Standards Institution (BSI) in 2021.

This year, Bahri has conducted a Board performance assessment which is aligned with best international practices, allowing Board Members to evaluate their peers (other members) as well as their selves (through a self-assessment). Further, as per our regular

practice, Bahri conducted a review of its governance systems and the performance of the Board Secretaries to identify any gaps, eliminate risks, strengthen governance controls, and identify potential positive opportunities.

Risk Management

Our Enterprise Risk Management (ERM) framework is aligned to ISO 31000:2018 requirements and considers the spectrum of risk sources and impacts affecting the business.

Bahri considers appropriate mitigation measures such as the development and implementation of relevant policies and procedures, to manage identified risks and mitigate their occurrence in the future, wherever possible.

All new joiners are provided risk-awareness training including risk awareness campaigns to refresh and embed the ERM system throughout the organization.

Digitization and Innovation

Taking the inherently complex maritime supply chain into account, we digitize and streamline our operations and processes as much as possible. This year, Bahri has successfully launched the first phase of its Fleet Performance Monitoring Center (FPMC). Bahri aims to develop the center into a centralized support system that provides data and analytics-driven guidance and recommendations to be used for decision-making by technical, safety, and crewing operations staff. The onboard crew and the operations team ashore can simply monitor the status of various equipment and systems. Analytics-driven rapid interventions and machine learning anomaly detection tools will also aid in the prevention of breakdowns, the reduction of downtime, the enhancement of predictive maintenance, and the monitoring of regulatory compliance.

Bahri is working to enhance its data privacy systems and has developed cybersecurity procedures along with a comprehensive policy which are aligned with the National Cybersecurity Authority (NCA) regulations and best practices.

Key Performance Indicators (KPIs)	Units	2020	2021	2022
Number of data security breaches	#	0	0	0

Customer Satisfaction

Customer satisfaction is a key performance metric for Bahri and one of the company's most important business components. Customers are extremely important to us. Therefore, we conduct frequent surveys to evaluate their happiness and identify potential areas for improvement. We will share more on this in Bahri's 2022 standalone report.

In 2022, Bahri has partnered up with several platforms to provide world-class enhanced logistics services to our customers through a full spectrum of logistics solutions which will include customs clearance assistance and storage provisions. This collaboration confirms our leading position in the market and showcases both companies' commitments to developing the Kingdom's economy.



Bahri has had zero data breaches in the past three consecutive years.

People and Safety

At Bahri, we believe that the success of our business endeavors starts with our people as they are the backbone of our operations and the driving force behind our continuous achievements.

We take both onshore and offshore employees’ physical and mental health very seriously and consider it a business priority. We are dedicated to establishing a welcoming and engaging environment in which people can excel in their chosen careers. This commitment translates into tangible actions as Bahri received 2 coveted awards at the 2022 Global Good Governance (3G) Awards, namely the ‘3G Championship Award in Human Resource

Development’ and the ‘3G Sustainability Reporting Award’ from the premier awards program.

Human Capital Management

Our efforts in the area of human capital management are closely aligned with Saudi Vision 2030, which aims to create a vibrant society where all citizens can succeed. A raft of policies and initiatives, from competitive remuneration packages and flexible-working options to training and career progression, ensures we are an employer of choice both in the Middle East and beyond.

Our workforce grew by about 3% in 2022. Moreover, we are proud to report that the percentage of Saudi nationals among the total workforce has also increase by about 6% within the same year.

Human Capital Development

Bahri is committed to providing opportunities for our employees to grow and develop as part of our management approach that complies with national and international regulations.

We ensure that our top management receives the required training that fosters continuous learning and modern management skills. Bahri has developed an “Executive Leadershi” program, in partnership with the internationally renowned Thunderbird School of Global Management. As part of this year’s iteration of the program, our management received 48 hours of training on topics such as Leading for Impact.

As part of our contribution to Vision 2030, we run initiatives that nurture local talent and support the growth of our industry and the economy as a whole. Bahri Training Program (BTP) has helped to train a total of 29 trainees under the program in 2022.

As for our crew members, they have undergone 11 different training courses, with a total of 127,104 hours of training and an average of 31.8 hours of training per crew member.

Moreover, our talent development team has carried out a detailed analysis and study of the current situation of job needs, gaps and many others to help develop effective individual development plans for our employees. The drop in trainings and training hour numbers delivered can be attributed to this.

Key Performance Indicators (KPIs)	Units	2020	2021	2022
Full-time employee equivalents (FTEs)	#	562	567	583
Workforce by job category				
Senior management employees	#	54	57	58
Middle management employees	#	133	140	156
Non-management employees	#	375	370	369
Employees by contract				
Permanent contracts	#	562	567	583
Temporary contracts	#	2	3	10
Workforce: offshore and onshore				
Offshore*	#	4,142	4,376	4,387
Onshore	#	562	567	583
Employees by gender				
Females	#	108	113	131
Males	#	454	454	452
Nationalization				
Saudi Nationals among total full-time workforce globally	%	42	43	44
Saudi Nationals among total full-time workforce in KSA	%	70	69	73
Turnover				
Total turnover rate	%	12	15	15

*Values restated due to system upgrades.

Key Performance Indicators (KPIs)	Units	2020	2021	2022
Average training per employee	Hours	24.6	28.3	20
Numbers of males trained	#	340	264	347
Numbers of females trained	#	94	94	85
Total training delivered	Hours	10,658	20,112	7,305
Trainees				
Number of trainees	#	97	196	29
Number female trainees	#	19	14	13
Percentage of employees who received a performance and career development review	%	91	90	88

Diversity and Inclusion

Bahri values diversity and inclusion beyond policies and headcounts. It is embedded in Bahri's management philosophy and corporate culture. We

know that diverse and inclusive workplaces foster more employee trust and loyalty, resulting in improved business outcomes and an increased likelihood of creativity. In 2022 we have welcomed 92 new team members, 44 of which were between the age of 18-30.

Key Performance Indicators (KPIs)	Units	2020	2021	2022
Total number of new employee hires	#	73	79	92
New employee hires by gender				
Female	%	31	30	33
Male	%	69	70	67
New employee hires by age				
Age 18-30	%	32	51	44
Age 31-50	%	60	38	53
Age 51+	%	8	11	3
Number of nationalities	#	53	52	52

Human Rights

As a responsible maritime business, we acknowledge our duty to protect and respect human rights. We at Bahri believe that open communication and feedback are vital components of a healthy and productive workplace. Therefore, the Company encourages all employees to raise their complaints and address any difficulties or concerns as soon as possible.

Our Qualifying Life Event (QLE) and other related policies stand as advocates for human rights through

strict regulations and measures to prevent any kind of abuse, harassment, discrimination, child labor, and slavery, whether in our offices or onboard our ships.

To ensure that human rights are protected across the whole supply chain, we deal with reputable vendors globally who adopt best practices in relation to human rights, especially with respect to child and forced labor.

Occupational Health and Safety (OH&S)

Bahri's health, safety, environmental, and quality (HSEQ) manual ensures high standards in relation to health, safety, and environmental sustainability. These regulations apply to all our locations and business areas. The HSEQ outlines our detailed approach to environmental health and safety procedures, indicators, and enforcement policies.

Our Ship Management is ISO 45001:2018 certified for OHS, and our management rules and guidelines are aligned with international and national standards, including the Maritime Labor Convention (MLC), the International Convention for the Safety of Life at Sea (SOLAS), the International Safety Management (ISM) Code, and the UAE's federal regulations for workers' OHS, among others.

In addition, we have an occupational health and safety (OHS) committee with representatives from each of Bahri's business units. They are elected for a one-year term and are responsible for investigating incidents, implementing prevention actions, evaluating the OHS risk register, and managing the health and safety concerns of employees. Nonetheless,

our committee conducts quarterly meetings and awareness sessions on several safety issues, which are then communicated to the management. Bahri has continued with its mental health program this year as well, where awareness programs were run for sea staff and extended it this year to include all shore staff as a steppingstone to help break the stigma around mental health issues across communities.

Unfortunately, in 2022 we lost one of our employees due to an on-the-job accident. This was a very challenging time for all at Bahri, during which we began exploring what further steps could be taken to avoid such tragedies in the future. As a result of these conversations, Bahri launched several safety-focused projects aimed at encouraging safe work practices and embedding them further into our culture. We wanted to understand our company's day-to-day operations on a more human level, as well as improve the analysis of our data, channel our energy into areas that require more attention and prevent major incidents from taking place. With this in mind, we have formulated a Human Factors Policy which will be enacted as of January 2023. This policy aims to promote and support excellence across all ship operations.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Employee fatalities	#	0	0	1
Contractor fatalities	#	0	0	0
Total recordable case frequency (TRCF)	#	0.73	1.41	0.54
Lost time injury frequency (LTIF)	#	0.42	0.52	0.29
Total number of health and safety audits	#	113	114	118
Total hours of HSE training provided	Hours	138	210	320
Percentage of employees who received HSE training	%	100	100	100

Creating Value

Bahri is committed to creating value for its stakeholders and the local economy by consistently enhancing its economic performance and investing in projects with a beneficial impact not only on the company, but also on our supply chain and the community.

The value creation leadership style that Bahri espouses is tied to the company’s vision and goals and is evident in everything we do. We are devoted to generating positive impact and long-lasting change in our community, maritime industry, and planet. To do this, Bahri employs the Asset-Based Community Development (ABCD) strategy, whereby we form collaborations with a variety of institutions to cultivate and develop local talent with a broader reach that encompasses all demographics in the Kingdom.

Sustainable Supply Chain

Bahri recognizes that we all have a responsibility to encourage sustainable development in our communities. We believe that by selecting our suppliers with care, we can contribute significantly to the development of a sustainable supply chain, while generating long-term value for the company, its stakeholders, and the local community.

While we recognize that we have no control over the actions of the different stakeholders in our supply chain, we try to ensure that our beliefs and standards are upheld whenever we engage with stakeholders in our supply chain. This involves informing them of our views on issues such as human rights, corruption, and environmental stewardship. Vendors must read and sign our procurement contract terms and conditions, which include a conflict-of-interest provision and anti-corruption measures, as well as the ability for Bahri to terminate the contracts if any breaches are discovered.

For a supplier to be added to our approved vendor list, they must meet our supplier qualifications criteria, which covers most of the code of conduct principles, including our ethical business policy and Occupational Health and Safety (OH&S) compliance in accordance with our quality management systems. Furthermore, vendor proposals are also evaluated by taking into consideration Environmental and Energy impacts from the projects as confirmed.

Our existing procedure requires an annual audit of critical vendors who have a major impact on safety, environment and quality, including financial considerations as relevant to our set criteria. The audit criteria covers the ISO standards for Quality Management, Environmental, Energy Management, and Occupational Health and Safety depending on the nature of the vendors. In 2022, 31 of our critical vendors were screened against various environmental and social criteria and none of them were identified as having any potential negative impacts.

Key Performance Indicators (KPIs)	Units	2020	2021	2022
Number of suppliers that were subject to audit	#	13	25	31
Number of suppliers identified as having significant actual and potential negative impacts	#	0	0	0

This year we have managed to onboard 9 more local suppliers and engage with more international suppliers in general. Furthermore, the 8% reduction in our total procurement spending is due to the selling

of 1 product vessel and changing the trading patterns of 4 other product vessels from the Redsea area to worldwide trade.

Key Performance Indicators (KPIs - KSA)	Units	2020	2021	2022
Total number of suppliers engaged	#	679	677	729
Total number of local suppliers engaged	#	20	29	38
Total procurement spending	Million SAR	1,921	2,518	2,308
Procurement spending on local suppliers	Million SAR	260.9	444.9	414
Percentage of spending on local suppliers	%	14	18	18

Community Investment and Humanitarian Relief

As a responsible corporate citizen, Bahri knows the role it can play in supporting the local community and how such an approach benefits people, the environment, and the economy.

The decrease in the amount of community investment in 2022 compared to 2021 is due to the decrease in the number of trainees participating in our different training programs. It is worth mentioning that we have opened the programs to the same number of participants as we did for previous iterations, however some trainees withdrew from the program voluntary.

Key Performance Indicators (KPIs)	Units	2020	2021	2022
Amount of community investment	SAR	1,502,442	2,633,434	2,000,293.88

Case study:

Rescue Operation at Malacca Strait by NCC NAJEM

On the night of 8th of August 2022, the crew of NCC NAJEM conducted a rescue operation when they responded to a call stating that 35 people were in the water and needed to be rescued. The vessel commenced immediate maneuvering for rescue through moderate to rough seas. The people were brought to safety, and they were provided with blankets and hot meals.



Governance

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Board of Directors

Mr. Mohammed Abdulaziz Al Sarhan
Chairman



Dr. Abdulmalik Abdullah Al Hogail
Vice Chairman



Eng. Ahmed Ali Al Subaey
Board Member and
Chief Executive Officer (CEO)



Eng. Ibrahim Qassim Al Buainain
Board Member



Mr. Khalifa Abdullatif Al Mulhim
Board Member



Mr. Yasir Abdullah Al Salman
Board Member



Mr. Raid Abdullah Ismail
Board Member



Mr. Abdulrahman Mohammed
Al Suhaibani
Board Member



Mr. Yasser Abdulaziz Al Kadi
Board Member

Governance Structure

Bahri is committed to the highest corporate governance standards and applies all applicable provisions set forth in the Corporate Governance Regulations issued by the Capital Market Authority (CMA), taking into account some permitted exceptions, in addition to applying the Global Governance Principles and the best practices wherever applicable. The Company also developed a governance framework comprising regulations and policies that promote transparency, accountability, and specialization. The administrative structure of Bahri comprises the Board of Directors, 3 Board committees and a team of Executive officials. The Board of Directors is responsible for setting, supervising, and reviewing Bahri's governance

principles and policies to ensure compliance with relevant regulations and to promote Bahri's growth and sustainability.

The Board has instituted 3 committees to support its work. These are the Nomination and Remuneration Committee, the Audit Committee and the Strategy and Investment Committee. The performance of these committees is subject to periodic review according to many factors including the Board's requirements of continued support from the relevant committee. Shareholders are among the most important groups in Bahri's governance framework. Board members should attend the meetings of the General Assembly and the Board, meet with the shareholders, and listen to their suggestions and notes on the Company and its performance.

Board Composition and Member Classification

Bahri's Board of Directors is composed of 9 members – the following table outlines Board composition in 2022 and the positions of its members

Name	Membership Classification
Mr. Mohammed Abdulaziz Al Sarhan	Non-Executive
Dr. Abdulmalik Abdullah Al Hogail	Independent
Eng. Ahmed Ali Al Subaey	Executive
Eng. Ibrahim Qassim Al Buainain	Non-Executive
Mr. Khalifa Abdullatif Al Mulhim	Independent
Mr. Yasir Abdullah Al Salman	Non-Executive
Mr. Raid Abdullah Ismail	Non-Executive
Mr. Abdulrahman Mohammed Al Suhaibani	Independent
Mr. Yasser Abdulaziz Al Kadi	Independent

Board Meetings Held During 2022 and Attendance Sheets

Number of Meetings: 6 Meetings

Name	Nature of Membership	First Meeting 6/2/2022	Second Meeting 28/3/2022	Third Meeting 13/6/2022	Fourth Meeting 19/9/2022	Fifth Meeting 6/12/2022	Sixth Meeting 7/12/2022	Total
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	Present	Present	Present	Present	Present	Present	6
Dr. Abdulmalik Abdullah Al Hogail	Vice Chairman	Present	Present	Present	Present	Present	Present	6
Eng. Ahmed Ali Al Subaey	Board Member	Absent	Present	Present	Present	Present	Present	5
Eng. Ibrahim Qassim Al Buainain	Board Member	Present	Present	Present	Present	Present	Present	6
Mr. Khalifa Abdullatif Al Mulhim	Board Member	Present	Present	Present	Present	Absent	Absent	4
Mr. Yasir Abdullah Al Salman	Board Member	Present	Present	Present	Present	Present	Present	6
Mr. Raid Abdullah Ismail	Board Member	Absent	Present	Absent	Present	Present	Present	4
Mr. Abdulrahman Mohammed Al Suhaibani	Board Member	Present	Present	Present	Present	Present	Present	6
Mr. Yasser Abdulaziz Al Kadi	Board Member	Present	Present	Present	Present	Present	Present	6

Board Committees

Board Committees and their tasks and responsibilities, and member classification during the year 2022

Audit Committee

Tasks and Responsibilities

- Examine, comment and give recommendations on the interim and consolidated Annual Financial Statements of the Group. Additionally, study reports provided by the external auditor and ensure measures taken to address such reports are implemented
- Ensure the efficiency of internal control systems and applicable policies and procedures as well as the tasks, work, and reports of the internal

audit department. Ensure the implementation of measures taken to address the recommendations of such reports in order to achieve the Company's objectives and protect shareholders' interests

- Review regulatory authorities' reports and the measures taken by the Executive management to address them
- Make recommendations to the Board of Directors on the appointment of an external auditor, define their remuneration, assess their performance, verify their independence, and review the scope of work and contractual terms
- Monitor the work and activities of Executives and managers responsible for risk management

Audit Committee Meetings and Attendance Sheet

Number of Meetings: 5 Meetings

Name	Nature of Membership	First Meeting 6/2/2022	Second Meeting 2/3/2022	Third Meeting 24/4/2022	Fourth Meeting 31/7/2022	Fifth Meeting 23/10/2022	Total
Dr. Abdulmalik Abdullah Al Hogail	Chairman	Present	Present	Present	Present	Present	5
Mr. Yasser Abdulaziz Al Kadi	Board Member	Present	Present	Present	Present	Present	5
Mr. Saleh Abdullah Al Debasi ¹	Board Member	Present	Present	Present	Present	Present	5
Dr. Saad Saleh Al Ruwaiteh ²	Board Member	Present	Present	Present	Present	Present	5

¹Mr. Saleh Abdullah Al Debasi is a non-board committee member who has a Master's in Public Administration from the University of Pittsburgh, USA. Mr. Al Debasi is currently the Vice President

of Financial Affairs and Logistics for the Saudi Presidency of State Security and previously was the Undersecretary of Budget and Organization Affairs for the Ministry of Finance.

Board Memberships

Company	Legal Entity	Location	Membership
National Shipping Company of Saudi Arabia (Bahri)	Joint-Stock – listed	Inside KSA	Previous
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Previous
Tatweer Co. for Educational Services	Limited Liability Company	Inside KSA	Previous
Tatweer Educational Transportation Services Company	Limited Liability Company	Inside KSA	Current
Saudi Korean Company for Maintenance and Properties Management (Mumtalakat)	Limited Liability Company	Inside KSA	Previous
Al Moammar Information Systems Company	Joint-Stock – listed	Inside KSA	Previous
Power and Water Utility Company for Jubail and Yanbu (Marafiq)	Joint-Stock – listed	Inside KSA	Previous
The Saudi Moroccan Investment Company (Asma Invest)	Limited Liability Company	Outside KSA	Previous

²Dr. Saad bin Saleh Al Ruwaiteh is a non-board committee member specializing in Finance and Accounting. He holds a Bachelor's in Accounting from King Saud University's Department of Administrative Sciences, Riyadh; a Master's in Accounting from

the University of Miami, USA; and a PhD from the University of Colorado, USA. Dr. Al Ruwaiteh is currently the Vice President of General Administration of Financial and Administrative Affairs at Prince Sultan University.

Board Memberships

Company	Legal Entity	Location	Membership
Member of the Audit Committee, Bahri Logistics Company	Joint-Stock – listed	Inside KSA	Current
Member of the Audit Committee, Chairman of the Governance and Audit Committee, and Member of the Board of Directors of the Saudi Industrial Investment Group (SIIG)	Joint-Stock – listed	Inside KSA	Current
Member of the Board of Directors, National Commercial Bank	Joint-Stock – listed	Inside KSA	Previous
Member of the Board of Directors, Saudi Printing and Packaging Company	Joint-Stock – listed	Inside KSA	Previous

Nomination and Remuneration Committee

Tasks and Responsibilities

- Ensure that the Board is composed of individuals capable of undertaking their responsibilities in line with the law and highest governance standards
- Ensure the implementation of appropriate measures that evaluate the remuneration granted to Board members and Senior Executives
- Develop and obtain approval from the Board of Directors on a clear policy on the remuneration of Board members, committee members and Executive management members
- Conduct periodic reviews of the remuneration policy and evaluate its efficiency
- Define key performance indicators (KPIs) for all Board and committee members and conduct annual performance appraisals against such KPIs
- Control and monitor the selection process for Senior Executives
- Ensure there is an active succession plan and that it is periodically updated
- Develop a set of governance standards that defines the main responsibilities of the Board and its committees, in addition to reviewing human resources-related duties, policies and programs as well as formulating relevant recommendations to the Board and implementing them
- Ensure compliance with corporate governance guidelines and regulations issued by regulatory and supervisory bodies and authorities

Nomination and Remuneration Committee Meetings and Attendance Sheet

Number of Meetings: 4 Meetings

Name	Nature of Membership	First Meeting 5/6/2022	Second Meeting 28/9/2022	Third Meeting 5/11/2022	Fourth Meeting 6/12/2022	Total
Mr. Khalifa Abdullatif Al Mulhim	Chairman	Present	Present	Present	Absent	3
Mr. Mohammed Abdulaziz Al Sarhan	Board Member	Present	Present	Present	Present	4
Mr. Raid Abdullah Ismail	Board Member	Present	Present	Present	Present	4
Mr. Abdulrahman Mohammed Al Suhaibani	Board Member	Present	Present	Present	Present	4

Strategy and Investment Committee

Tasks and Responsibilities

- Work with the Executive management to develop the Company's investment strategy and policy in line with the nature of its work, the activities it practices and the risks it is exposed to and formulate relevant recommendations to obtain relevant Board approvals
- Periodically review the investment strategy and policy to ensure its alignment with the changes that may occur to the environment in which the Company is operating, the regulations governing its business or its strategic objectives
- Ensure compliance with the provisions of the Company's Articles of Association, as well as all applicable laws, rules, and regulations with regards to all investment activities of the Company
- Apply due diligence and conduct appropriate feasibility studies for investment opportunities to make effective and wise investment decisions
- Approve investment and reinvestment of the Company's capital within the defined limits in line with the authority matrix applicable to the Company
- Define the standards for selecting investment managers/advisors, periodically review their performance and approve the ending of their service
- Generally oversee investment activities of the Company and develop appropriate measures to evaluate and assess investment performance to ensure compliance with investment policies and guidelines and achieve sought objectives
- Monitor the Company's investments via reviewing the periodic reports of the Executive management
- Evaluate investment performance by comparing actual returns against the Company's investment return targets
- Study and evaluate the investment opportunities proposed by the Executive management

Strategy and Investment Committee Meetings and Attendance Sheet

Number of Meetings: 3 Meetings

Name	Nature of Membership	First Meeting 24/2/2022	Second Meeting 3/3/2022	Third Meeting 7/9/2022	Total
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	Present	Present	Present	3
Dr. Abdulmalik Abdullah Al Hogail	Board Member	Present	Present	Present	3
Eng. Ahmed Ali Al Subaey	Board Member	Absent	Present	Present	2
Mr. Yasir Abdullah Al Salman	Board Member	Present	Absent	Present	2
Mr. Yasser Abdulaziz Al Kadi	Board Member	Present	Present	Present	3

Board of Directors and Board Committees' Compensation and Bonuses for 2022

A) Board Compensation and Bonuses

	Fixed amount	Fixed Bonuses						Variable Bonuses						End-of-Service Benefits	Grand Total	Expenses Allowance
		Board meetings attendance allowance	Total committee meetings attendance allowance	In-kind benefits	Technical, administrative, and advisory work compensation	Bonus of the Chairman, Managing Director, or secretary, if he/she is a Board member	Total	Percentage of the profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			

First: Independent Members

Dr. Abdulmalik Abdullah Al Hogail*	500,000	30,000	40,000	-	-	-	570,000	-	-	-	-	-	-	-	570,000	-
Mr. Khalifa Abdullatif Al Mulhim	250,000	20,000	15,000	-	-	-	285,000	-	-	-	-	-	-	-	285,000	-
Mr. Abdulrahman Mohammed Al Suhaibani	400,000	30,000	20,000	-	-	-	450,000	-	-	-	-	-	-	-	450,000	-
Mr. Yasser Abdulaziz Al Kadi*	500,000	30,000	40,000	-	-	-	570,000	-	-	-	-	-	-	-	570,000	-
Total	1,650,000	110,000	115,000	-	-	-	1,875,000	-	-	-	-	-	-	-	1,875,000	-

Second: Non-Executive Members

Mr. Mohammed Abdulaziz Al Sarhan	435,000	30,000	35,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Eng. Ibrahim Qassim Al Buainain	300,000	30,000	-	-	-	-	330,000	-	-	-	-	-	-	-	330,000	-
Mr. Yasir Abdullah Al Salman	350,000	30,000	10,000	-	-	-	390,000	-	-	-	-	-	-	-	390,000	-
Mr. Raid Abdullah Ismail	250,000	25,000	20,000	-	-	-	295,000	-	-	-	-	-	-	-	295,000	-
Total	1,335,000	115,000	65,000	-	-	-	1,515,000	-	-	-	-	-	-	-	1,515,000	-

Third: Executive Members

Eng. Ahmed Ali Al Subaey	333,333	25,000	10,000	-	-	-	368,333	-	-	-	-	-	-	-	368,333	-
Total	333,333	25,000	10,000	-	-	-	368,333	-	-	-	-	-	-	-	368,333	-

*Includes Audit Committee remuneration.

B) Board Committees' Compensation and Bonuses

	Fixed Bonuses (excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
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Audit Committee Members

Dr. Abdulmalik Abdullah Al Hogail	100,000	25,000	125,000
Mr. Yasser Abdulaziz Al Kadi	100,000	25,000	125,000
Mr. Saleh Abdullah Al Debasi	100,000	25,000	125,000
Dr. Saad Saleh Al Ruwaiteh	100,000	25,000	125,000
Total	400,000	100,000	500,000

Nomination and Remuneration Committee Members

Mr. Khalifa Abdullatif Al Mulhim	100,000	15,000	115,000
Mr. Mohammed Abdulaziz Al Sarhan	100,000	20,000	120,000
Mr. Raid Abdullah Ismail	100,000	20,000	120,000
Mr. Abdulrahman Mohammed Al Suhaibani	100,000	20,000	120,000
Total	400,000	75,000	475,000

Strategy and Investment Committee Members

Mr. Mohammed Abdulaziz Al Sarhan	100,000	15,000	115,000
Dr. Abdulmalik Abdullah Al Hogail	100,000	15,000	115,000
Eng. Ahmed Ali Al Subaey	33,333	10,000	43,333
Mr. Yasir Abdullah Al Salman	50,000	10,000	60,000
Mr. Yasser Abdulaziz Al Kadi	100,000	15,000	115,000
Total	383,333	65,000	448,333

C) Board of Directors and Board Committees' Compensation and Bonuses Policy

The charter of the Nomination and Remuneration Committee was disclosed in an announcement published on 28th March 2018 on the Saudi Stock Exchange's (Tadawul) website inviting shareholders to attend the Company's 42nd Ordinary General Assembly. On 18th April 2018, the General Assembly of Shareholders approved the charter, which stated

that the Nomination and Remuneration Committee should prepare a clear policy on the compensation and bonuses of Board members, committees, and Executive management. Additionally, the same policy should be presented to the Board of Directors to obtain final approval without prejudice to the provisions of the Companies Law and Corporate Governance Regulations. The Board approved the Compensation and Bonuses Policy on 29th April 2018.

Interest, contractual securities or rights issue of the Board members, senior executives and their relatives on shares or debt instruments of the Company or its affiliates during 2022

Board Members	Positions	No. of Shares Period Start	No. of Shares Period End	Net Change
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	401,000	501,250	100,250
Dr. Abdulmalik Abdullah Al Hogail	Vice Chairman	180,000	225,000	45,000
Eng. Ahmed Ali Al Subaey	Board Member	-	-	-
Eng. Ibrahim Qassim Al Buainain	Board Member	-	-	-
Mr. Khalifa Abdullatif Al Mulhim	Board Member	1,000	1,250	250
Mr. Yasir Abdullah Al Salman	Board Member	-	-	-
Mr. Raid Abdullah Ismail	Board Member	-	-	-
Mr. Abdulrahman Mohammed Al Suhaibani	Board Member	250	312	62
Mr. Yasser Abdulaziz Al Kadi	Board Member	25,000	31,250	6,250

Senior Executives	Positions	No. of Shares Period Start	No. of Shares Period End	Net Change
Eng. Ahmed Ali Al Subaey	Chief Executive Officer	-	-	-
Eng. Fayez Abdullah Al Asmari	Chief Financial Officer	-	-	-
Mr. Naser Mohammed Al Abdulkarim	President of Bahri Oil	-	-	-
Mr. Hisham Hussien Al Khaldi	Chief Support Officer	3,000	700	-2,300
Eng. Abdulaziz Abdulrahman Sabri	President of Bahri Ship Management	-	-	-
Eng. Mohammed Abdulaziz Bin Battal	President of Bahri Dry Bulk	-	-	-
Eng. Soror Basalom	President of Bahri Logistics	-	-	-
Mr. Claus Breitenbauch	President of Bahri Chemicals	-	-	-

There is no interest, contractual securities, subscription rights or debt securities belonging to Board members, senior executives and their relatives.

Biographies of Board Members



Mr. Mohammed Abdulaziz Al Sarhan

BSc. in Mathematics and Computer Science from Oregon State University, USA. Mr. Al Sarhan has studied many specialized courses at international universities such as Harvard University, London Business School, and IMD Institute in Switzerland. He is currently the Chairman of Saudi Airlines Catering Company.

Previous roles include:

- Advisor to Al Faisaliah Group (AFG) and Chairman of Al Safi Danone
- Vice President of Al Faisaliah Group Holding (AFG)
- Managing Director and CEO of Al Safi Danone Ltd.
- Managing Director of Al Safi Food Company
- Vice President of the Saudi Arabian Marketing and Refining Company (SAMAREC)
- General Manager of Petromin Refinery in Riyadh
- Managing Director of Petromin Refinery in Riyadh

Board Memberships:

Company	Legal Entity	Location	Membership
Saudi Airlines Catering Company (SACC)	Joint-Stock – listed	Inside KSA	Current
National Chemical Carriers Company (NCC)	Limited Liability Company	Inside KSA	Current
Al Safi Danone	Limited Liability Company	Inside KSA	Previous
Al Faisaliah Group Holding (AFG)	Joint-Stock – unlisted	Inside KSA	Previous
Saudi Civil Aviation Holding Company (SAVC)	Joint-Stock – unlisted	Inside KSA	Previous
Goknur Foods Import Export Trading and Distribution Company	Limited Liability Company	Outside KSA	Previous
Venture Capital Bank	Limited Liability Company	Outside KSA	Previous
European Islamic Investment Bank (EIIB)	Joint-Stock – unlisted	Outside KSA	Previous
IKEA Company	Joint-Stock – unlisted	Inside KSA	Previous
Bayan Realty Estate Company	Limited Liability Company	Inside KSA	Previous
Saudi Arabia Public Transport Company (SAPTCO)	Joint-Stock – listed	Inside KSA	Previous
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Previous



Dr. Abdulmalik Abdullah Al Hogail

Bachelor's in Accounting from King Saud University, Riyadh and a Master's in Accounting from Case Western Reserve University, USA. Dr Al Hogail also has a PhD. in Accounting from Case Western Reserve University as well as various professional certificates including the CPA and SOCPA.

Previous roles include:

- Member of boards and committees in several companies operating in various sectors, including banks and investments, energy, food and restaurants, pharmaceutical industries, consumer electronics, and medical equipment
- Vice President and Chief Financial Officer of Al Faisaliah Group Holding (AFG)
- Faculty Member for the Institute of Public Administration

Board Memberships:

Company	Legal Entity	Location	Membership
Alinma Bank	Joint-Stock – listed	Inside KSA	Current
National Chemical Carriers Company (NCC)	Limited Liability Company	Inside KSA	Current
Americana Group	Joint-Stock – unlisted	Outside KSA	Current
Public Pension Agency	Governmental Authority	Inside KSA	Previous
Saudi Electricity Company	Joint-Stock – listed	Inside KSA	Previous
International Medical Holding Company	Limited Liability Company	Inside KSA	Previous
Alinma Investment	Joint-Stock – unlisted	Inside KSA	Previous
Pharma International Company (PIC)	Limited Liability Company	Inside KSA	Previous
Electronics and Systems Holding Company	Limited Liability Company	Inside KSA	Previous
Philips Healthcare Saudi Arabia Company	Limited Liability Company	Inside KSA	Previous
Accenture Saudi Arabia	Limited Liability Company	Inside KSA	Previous



Eng. Ahmed Ali Al Subaey

BSc. and a Master's in Electrical Engineering from the University of Arizona, USA and an Executive MBA from Stanford University, USA. Eng. Al Subaey is currently the CEO of the National Shipping Company of Saudi Arabia (Bahri).

Previous roles include:

- Vice President of Marketing, Sales, and Supply Planning at Saudi Aramco
- President of Saudi Petroleum Overseas Ltd. – Tokyo
- President and Chief Executive of Saudi Petroleum International Inc. – New York
- Chief Executive and Representative Director of Saudi Petroleum Overseas Ltd. (S-OL) – South Korea

Board Memberships:

Company	Legal Entity	Location	Membership
POSCO Engineering and Construction	Joint-Stock – listed	Outside KSA	Current
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Current
National Chemical Carriers Company	Limited Liability Company	Inside KSA	Current
Petreddec Company	Limited Liability Company	Outside KSA	Current
International Maritime Industries	Limited Liability Company	Inside KSA	Current
Aston Martin Lagonda Global Holdings PLC	Joint-Stock – listed	Outside KSA	Current
Saudi Aramco Products Trading Company	Limited Liability Company	Inside KSA	Previous
Saudi Aramco Base Oil Company (Luberef)	Limited Liability Company	Inside KSA	Previous
Arab Petroleum Pipelines Company (SUMED)	Joint-Stock – unlisted	Outside KSA	Previous
Saudi Aramco Asia Company (SAAC)	Limited Liability Company	Outside KSA	Previous
Saudi Petroleum International Inc.	Limited Liability Company	Outside KSA	Previous
Saudi Petroleum Overseas Ltd. (S-OL)	Limited Liability Company	Outside KSA	Previous
Aramco Development Company	Limited Liability Company	Inside KSA	Previous



Eng. Ibrahim Qassim Al Buainain

BSc. in Mechanical Engineering and a Master's in Global Business Administration, Innovation and Leadership from the Massachusetts Institute of Technology (MIT), USA. Eng. Al Buainain has also obtained a certificate from the Executive Development Program (IMD), Switzerland. Eng. Al Buainain is currently the Vice President of Oil Supply Sales, Trade, and Planning at Saudi Aramco.

Previous roles include:

- General Manager of Joint Ventures at Saudi Aramco – South Korea
- Investment Manager of all international joint ventures for Saudi Aramco
- Director of Joint Ventures at Saudi Aramco – Asia region
- Director of Structuring and Joint Ventures at Saudi Aramco's department for new business development
- CEO of Saudi Aramco Power Company
- CEO of Saudi Aramco – Asia Pacific region
- Head of Operations Development at Saudi Aramco
- CEO of Aramco Products Trading Company - Dhahran

Board Memberships:

Company	Legal Entity	Location	Membership
Rabigh Refining and Petrochemical Company	Joint-Stock – listed	Inside KSA	Current
Saudi Aramco Products Trading Company	Limited Liability Company	Inside KSA	Current
Bahri Chemicals Company	Limited Liability Company	Inside KSA	Current
Petreddec Company	Limited Liability Company	Outside KSA	Current
Saudi Aramco Base Oil Company (Luberef)	Limited Liability Company	Inside KSA	Current
Aramco Services Company	Limited Liability Company	Outside KSA	Current
Aramco Overseas Company - Europe	Limited Liability Company	Outside KSA	Current
Saudi Aramco Asia Company (SAAC)	Limited Liability Company	Outside KSA	Current
International Digital Solutions Company	Limited Liability Company	Inside KSA	Current



Mr. Khalifa Abdullatif Al Mulhim

Bachelor's in Finance Administration from the University of Colorado Boulder, USA. Mr. Al Mulhim is currently CEO of Khalifa A. Almulhim Company Ltd. Previously, he worked for the Saudi Industrial Development Fund (SIDF).

Board Memberships:

Company	Legal Entity	Location	Membership
Advanced Petrochemical Company	Joint-Stock – listed	Inside KSA	Current
AlJazira Bank	Joint-Stock – listed	Inside KSA	Current
Walaa Cooperative Insurance Company	Joint-Stock – listed	Inside KSA	Current
Al Jazeera Support Services Company (MEHAN)	Limited Liability Company	Inside KSA	Current
Saudi British Bank (SABB)	Joint-Stock – listed	Inside KSA	Previous
Saudi-Spanish Bank	Joint-Stock – listed	Outside KSA	Previous
Nama Chemicals Company	Joint-Stock – listed	Inside KSA	Previous
International General Insurance Company (IGI)	Joint-Stock – listed	Outside KSA	Previous
Al-Ittefaq Steel Products Company (ISPC)	Joint-Stock – unlisted	Inside KSA	Previous
General Organization for Social Insurance	Governmental Authority	Inside KSA	Previous



Mr. Yasir Abdullah Al Salman

Bachelor's in Accounting from King Saud University and a Master's in Accounting and Information Systems from Middle Tennessee State University (MTSU), USA. Mr. Al Salman is currently the Chief Financial Officer of the Public Investment Fund (PIF).

Previous roles include:

- Chief Financial Officer of the Saudi Agricultural and Livestock Investment Company (SALIC)
- General Manager of Investments at Mobily
- Executive Manager of the Finance Department at Kingdom Holding Company

Board Memberships:

Company	Legal Entity	Location	Membership
National Water Company (NWC)	Joint-Stock – unlisted	Inside KSA	Current
Saudi Railway Company (SAR)	Joint-Stock – unlisted	Inside KSA	Previous
King Abdullah Financial District Company (KAJD)	Joint-Stock – unlisted	Inside KSA	Current
Saudi Agricultural and Livestock Investment Company (SALIC)	Joint-Stock – unlisted	Inside KSA	Current
Saudi Arabian Military Industries (SAMI)	Joint-Stock – unlisted	Inside KSA	Current
Water Solutions Company	Joint-Stock – unlisted	Inside KSA	Current



Mr. Raid Abdullah Ismail

Bachelor's in Financial Management from George Mason University, USA and an MBA from London Business School, UK. Mr. Ismail currently works as Director of Direct Investment in Local Companies at the Public Investment Fund (PIF).

Previous roles include:

- Senior Director of MENA Investments
- General Manager of Mawarid Food Company Limited (MFC)
- Managing Partner at the House of Retail Company (LLC)
- CEO of the Saudi Tadawi Healthcare Company
- General Manager of Olayan Food Services Company (OFS), Riyadh

Board Memberships:

Company	Legal Entity	Location	Membership
Elm Information Security Company (ELM)	Joint-Stock – closed	Inside KSA	Current
ACWA Power Company	Joint-Stock – closed	Inside KSA	Current
GDC Middle East Company	Joint-Stock – closed	Inside KSA	Current
National Agricultural Development Company (NADEC)	Joint-Stock – listed	Inside KSA	Current



Mr. Abdulrahman Mohammed Al Suhaibani

Master's in Economics from the University of Denver, Colorado, a Bachelor's in Economics and Engineering Management from George Washington University, Management Leadership from the Institute of Management and International Investments at Harvard University, and Project Management from Newcastle, UK.

Previous roles include:

- General Manager of the Social Development Bank
- Assistant Secretary-General of Economic Affairs and Head of the Technical Secretariat at the Council of Ministers of Transport - Arab League
- Economic Advisor Undersecretary at the Ministry of Finance
- Assistant Managing Director of International Cooperation at the Saudi Development Fund
- Acting CEO of World Bank, Washington
- Member of the Board of Directors of the American, German, British, French, and Italian Chambers of Commerce and the Saudi Economic Association

Board Memberships:

Company	Legal Entity	Location	Membership
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Current
Saudi Real Estate Company (Al Akaria)	Joint-Stock – listed	Inside KSA	Previous
United Arab Shipping Company (UASC)	Joint-Stock – closed	Outside KSA	Previous
Insurance Company	Joint-Stock – listed	Inside KSA	Previous



Mr. Yasser Abdulaziz Al Kadi

Bachelor's in Finance Administration and an MBA from the University of Portland, Portland, USA. In addition, Mr. Al Kadi has attended accounting and business development training courses at several different universities including Stanford, Harvard, INSEAD, London Business School (LBS), and IMD Business School. Mr. Al Kadi is currently a founding Partner in the venture capital fund (Khwarizmi Ventures) and CEO of Al-Kadi Group Holding.

Board Memberships:

Company	Legal Entity	Location	Membership
Jabal Omar Development Company	Joint-Stock – listed	Inside KSA	Current
Zajel Express Logistics Company	Joint-Stock – unlisted	Inside KSA	Current
Al-Kadi Group Holding	Joint-Stock – unlisted	Inside KSA	Current
Derayah Financial Company	Joint-Stock – unlisted	Inside KSA	Current



Executive Management



Eng. Ahmed Ali Al Subaey

BSc. and a Master's in Electrical Engineering from the University of Arizona, USA and an Executive MBA from Stanford University, USA. Eng. Al Subaey is currently the CEO of the National Shipping Company of Saudi Arabia (Bahri).

Previous roles include:

- Vice President of Marketing, Sales, and Supply Planning at Saudi Aramco
- President of Saudi Petroleum Overseas Ltd. – Tokyo
- President and Chief Executive of Saudi Petroleum International Inc. – New York
- Chief Executive and Representative Director of Saudi Petroleum Overseas Ltd. (S-OL) – South Korea

Current and Previous Positions:

Company	Legal Entity	Location	Membership
POSCO Engineering and Construction	Joint-Stock – listed	Outside KSA	Current
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Current
National Chemical Carriers Company	Limited Liability Company	Inside KSA	Current
Petredec Company	Limited Liability Company	Outside KSA	Current
International Maritime Industries	Limited Liability Company	Inside KSA	Current
Aston Martin Lagonda Global Holdings PLC	Joint-Stock – listed	Outside KSA	Current
Saudi Aramco Products Trading Company	Limited Liability Company	Inside KSA	Previous
Saudi Aramco Base Oil Company (Luberef)	Limited Liability Company	Inside KSA	Previous
Arab Petroleum Pipelines Company (SUMED)	Joint-Stock – unlisted	Outside KSA	Previous
Saudi Aramco Asia Company (SAAC)	Limited Liability Company	Outside KSA	Previous
Saudi Petroleum International Inc.	Limited Liability Company	Outside KSA	Previous
Saudi Petroleum Overseas Ltd. (S-OL)	Limited Liability Company	Outside KSA	Previous
Aramco Development Company	Limited Liability Company	Inside KSA	Previous



Eng. Fayeze Abdullah Al Asmari

BSc. in Industrial Engineering from King Saud University, Riyadh and holder of the Credit Program Certificate from Chase Manhattan Bank, USA.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Financial Officer (CFO) of Bahri	Current	Inside KSA	Joint-Stock – listed
Member of the Audit Committee at Al Moammar Information Systems (MIS)	Current	Inside KSA	Joint-Stock
Chief Operating Officer of the Arabian Company for Water and Power Development (ACWA Holding)	Previous	Inside KSA	Joint-Stock – unlisted
Vice President of Finance at Tasnee	Previous	Inside KSA	Joint-Stock – listed
Senior Manager at the Samba Financial Group	Previous	Inside KSA	Joint-Stock – listed
Credit Advisor at the Saudi Industrial Development Fund	Previous	Inside KSA	Governmental Authority
Member of the Audit Committee at Malath Insurance	Previous	Inside KSA	Joint-Stock – listed
Member of the Audit Committee at Watan Investment	Previous	Inside KSA	Joint-Stock – unlisted



Mr. Naser Mohammed Al Abdulkarim

BSc. in Industrial Management and an MBA from King Fahd University of Petroleum and Minerals (KFUPM), Dhahran. Mr. Al Abdulkarim is also a graduate of the Executive Management Program from the University of Oxford, UK.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Bahri Oil	Current	Inside KSA	Joint-Stock – listed
Saudi Aramco	Previous	Inside KSA	Joint-Stock – listed
Vela International Marine Limited	Previous	Outside KSA	Limited Liability Company
Saudi Electricity Company	Previous	Inside KSA	Joint-Stock – listed
Modern Industries Company	Previous	Inside KSA	Limited Liability Company
United Arab Shipping Co. (UASC)	Previous	Outside KSA	Joint-Stock – listed
Britannia P&I	Previous	Outside KSA	Limited Liability Company



Mr. Hisham Hussien Al Khaldi

Bachelor's in Business Administration and holder of a Level-5 Certificate in Leadership from the British Institute of Leadership and Management (ILM). CIPD LEVEL 7 - Chartered Fellow, for HR professional and people development.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Support Officer at Bahri	Current	Inside KSA	Joint-Stock – listed
Board Member and NRC Chairman of Saudi Real Estate at Al Akaria Company	Current	Inside KSA	Joint-Stock – listed
Board Member of Leejam Sport Company	Current	Inside KSA	Joint-Stock – listed
Member of Human Resources and Labor Market Committee at Riyadh Chamber of Commerce	Current	Inside KSA	Governmental
Member of the Committee on the Localization of the Maritime Industry at the Public Transport Authority	Current	Inside KSA	Governmental
Member of National Maritime Academy (NMA) Board of Trustees	Current	Inside KSA	Training Academy
Member of Nomination and Remuneration Committee (NRC) at Saudi Facility Management – PIF	Current	Inside KSA	Governmental
Director of Human Resources at Alshaya International Trading Company	Previous	Inside KSA	Limited Liability Company

**Eng. Soror Basalom**

Bachelor's in Industrial Systems Engineering from King Fahad University of Petroleum and Minerals.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Logistics President at Bahri	Current	Inside KSA	Joint-Stock – listed
Board Member of Bahri Logistics	Current	Inside KSA	Limited Liability Company
Board Member of the National Shipping Company of Saudi Arabia (NSCSA), USA	Current	Outside KSA	Joint-Stock – closed
Board Member of Tabadul	Current	Inside KSA	Joint-Stock – closed
Chairman and Audit Committee member of Tabadul	Current	Inside KSA	Joint-Stock – closed
Member of the Logistics Service Committee of National Industrial Development & Logistics Program	Previous	Inside KSA	Government Authority
Chief Commercial Officer of Matarat	Previous	Inside KSA	Joint-Stock – closed
Managing Director of Transport and Logistics at the Ministry of Investment	Previous	Inside KSA	Government Authority
Executive Director of Business Development at Saudi Airlines Cargo, Ground Handling	Previous	Inside KSA	Joint-Stock – closed

**Eng. Abdulaziz Abdulrahman Sabri**

BSc. in Mechanical Engineering from King Fahd University of Petroleum and Minerals (KFUPM) in Dhahran.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
President of Bahri Ship Management	Current	Outside KSA	Joint-Stock – listed
Board Member of the National Shipping Company of Saudi Arabia (NSCSA), USA	Current	Outside KSA	Limited Liability Company
Chairman of the DNV Middle East Committee	Current	Outside KSA	Limited Liability Company
Primary Member of the National Maritime Disaster Committee	Current	Inside KSA	Governmental
Member of the Lloyd's Register Middle East and Africa Asia Advisory Committee	Current	Outside KSA	Limited Liability Company
Vice President of Technical Services at Bahri Ship Management	Previous	Outside KSA	Joint-Stock – listed
Fleet Operations Manager at Vela International Marine Limited Company	Previous	Outside KSA	Semi-Governmental
Site Manager in South Korea shipyard site office at Vela International Marine Limited Company	Previous	Outside KSA	Semi-Governmental

**Eng. Mohammed Abdulaziz Bin Battal**

BSc. in Chemical Engineering from King Saud University in Riyadh, Saudi Arabia, and a graduate of the SABIC CEO Leadership Challenge Program.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
President of Bahri Dry Bulk (Bahri)	Current	Inside KSA	Joint-Stock – listed
Business Digitalization Director at Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock – listed
Global Solids Supply Chain Director at Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock – listed
Polymers Sales Senior Manager at SABIC Americas, Inc	Previous	Outside KSA	Limited Liability Company
Marketing Specialist at Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock – listed
Board Member of Bahri Dry Bulk LLC	Current	Inside KSA	Joint-Stock – closed
Chairman of the Board at Bahri Logistics	Current	Inside KSA	Joint-Stock – closed
Vice Chairman of the Board at National Grain Company (Bahri/SALIC Joint Venture)	Current	Inside KSA	Joint-Stock – closed
Executive Committee Member of the Saudi Arabia and Latin American Countries Business Council at the Federation of Saudi Chambers	Current	Inside KSA	Semi-Governmental
Member of the Shared Services (Procurement) Council at Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock – listed
Member of the Supply Chain Committee for Gulf Petrochemicals and Chemicals Association (GPCA)	Previous	Outside KSA	Non-profit Organization

**Mr. Claus Breitenbach**

Bachelor's from the A.P. Moller-Maersk Shipping Academy.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
President of Bahri Chemicals	Current	Inside KSA	Joint-Stock – listed
Managing Director of A.P. Moller-Maersk Group of Companies	Previous	Outside KSA	Joint-Stock – listed
CEO of SEA-tankers	Previous	Outside KSA	Limited Liability Company
Managing Director of Tomini Shipping	Previous	Outside KSA	Limited Liability Company
CEO of Emirates Ship Investment LLC (Eships)	Previous	Outside KSA	Limited Liability Company
CEO of Nordic Tankers	Previous	Outside KSA	Joint-Stock – listed
CEO/General Manager of Wrist Europe B.V.	Previous	Outside KSA	Joint-Stock – listed
Managing Director of Operations at Ove Wrist & Co. Ltd.	Previous	Outside KSA	Joint-Stock – listed
Regional Director at Falck Rescue Corps	Previous	Outside KSA	Joint-Stock – listed
Managing Director of Operations at Neptun Hotel Group	Previous	Outside KSA	Limited Liability Company



Mr. Abdulaziz Mohammed Al Babbain

Bachelor's in Accounting from King Saud University and a Master's in Finance from the University of Portsmouth, UK. Mr. Al Babbain also holds a General Securities Qualification Certificate from the Capital Market Authority (CMA) and a Professional Certificate in Corporate Governance from the London School of Business and Finance.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Internal Auditor at Bahri	Current	Inside KSA	Joint-Stock – listed
Audit Manager at the Saudi Hollandi Bank	Previous	Inside KSA	Joint-Stock – listed
Audit Manager at Al Rajhi Bank	Previous	Inside KSA	Joint-Stock – listed
Senior Auditor at KPMG Saudi Arabia	Previous	Inside KSA	Certified Public Accountants



Mr. Abdullah Ali Al Mousa

Bachelor's in Sharia from Al-Imam Mohammad Ibn Saud Islamic University and a Master's in International Law from the Southern Methodist University, USA.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
General Counsel of Legal Affairs at Bahri	Current	Inside KSA	Joint-Stock – listed
Legal Adviser at Al-Jadaan & Partners Law Firm	Previous	Inside KSA	Saudi Professional Company
Legal Adviser at BNP Paribas	Previous	Outside KSA	Branch of the French bank BNP Paribas
Legal Adviser at Clifford Chance Company	Previous	Outside KSA	Branch of the British Clifford Chance Company

Dividend Distribution Policy

Dividend distribution depends on net profit, cash flows and future expectations for Bahri's key investments while taking into consideration the importance of maintaining a strong financial position in order to respond to any fundamental organizational, market or economic changes, in accordance with the provisions of Article (32) of the Companies Law, which are stated as follows:

- The Company may, if so provided and permitted in its bylaws, distribute interim dividends to its shareholders on a biannual or quarterly basis on the mandate of the General Assembly renewed annually in accordance with the regulatory procedures issued by the CMA
- 10% of the net profit is to be set aside to form a statutory reserve. The Ordinary General Assembly can discontinue the deduction for the statutory reserve when such reserve reaches 30% of the Company's paid-up capital
- The General Assembly of shareholders may, upon a Board recommendation, set aside a certain percentage of the net profits to form a voluntary reserve for one or more specific purposes agreed

upon by the regular General Assembly. The remaining amount shall be distributed among shareholders, provided that it is not less than 1% of the paid-up capital

The General Assembly, in its meeting dated 26/04/2021, approved the policy, which aims to maintain a minimum dividend of SAR 2.00 per annum (SAR 1 per half year) for years 2020, 2021 and 2022. The dividend policy is subject to change based on any material changes in the strategy, high volatility on international shipping prices, or any funding that the Company may be bound to follow.

Due to the impact of the high volatility of the global shipping market, the Board of Directors, on its meeting dated 7/02/2022 declared not to distribute interim dividends to shareholders for the second half of 2021, however, recommended the capital increase to SAR 4,921,875,000 through 1 bonus share for every 4 shares owned through the capitalization of SAR 984,375,000 from the statutory reserve. General Assembly of the Company approved capitalization on its meeting on 16/05/2022. No cash dividend was paid for the year 2022.

Procedures Taken by the Board to Inform its Members, Including Non-Executives, of Shareholders' Feedback Concerning the Company's Performance

Members of the Board are committed to attending General Assembly Meetings to answer shareholders' enquiries and receive their suggestions and comments regarding the Company and its performance. They

also communicate with Bahri's Investor Relations Department to receive shareholders' suggestions via email (IR@bahri.sa) and other communication channels.

Results of the Annual Audit of the Effectiveness of the Company's Internal Control Procedures and the Audit Committee's Opinion on the Sufficiency of the Company's Internal Control System

The Committee carried out its duties during 2022 as follows:

- Examined the consolidated interim and Annual Financial Statements and made necessary recommendations as well as examined the external auditor's notes and followed up to get finalization on all the notes
- Verified the adequacy of the internal control systems of the Company, the applied rules and procedures, tasks, and reports of the internal audit department. In addition, implemented the corrective action to the notes that protect the Company's objectives and protect the shareholder's interests
- Reviewed the results of the regulators' report's and verified the actions taken from the management in their responses
- Recommended to the Board of Directors the appointment of the external auditor, determined

their fees and assessed their performance, independence, scope of work and terms of engagement

- Reviewed the tasks and activities of risk management

Having reviewed the internal control and auditing procedures and discussed the preliminary, annual, and final business results with the external auditor and Executive management, the Audit Committee can give assurances regarding the Company's internal control systems within the scope of its limited and planned tasks and work assigned by the internal audit department. The committee did not discover any substantial issues that need to be highlighted or are believed to result in weakness or major flaws in the Company's internal control systems. However, any internal control system, regardless of its design, integrity, and effectiveness of implementation, cannot provide absolute affirmation.

Description of Any Deal Between the Company and Related Parties

The Company ships the products of its affiliates across the world via agreements signed with these companies. It also deals with stakeholders while practicing its ordinary business such as the Aramco Trading Company (ATC) owned by Saudi Aramco, which owns 20% of Bahri's capital; and the International Shipping and Transportation Company Ltd. (ISTC), a subsidiary of SABIC, which owns 20%

of the National Chemical Carriers Company (NCC)'s capital, with Bahri owning the other 80%. It also deals with ARASCO, which owns a 40% stake of Bahri Dry Bulk LLC's capital with Bahri owning the other 60%. The financial details are disclosed in note 28 in the Audited Financial Statements for the year ended 31st December 2022.

Details of compensation and bonuses paid to 5 Senior Executives including the CEO and CFO

Item	(SAR '000s)
Salaries and compensation	10,537
Annual bonuses	1,348
In-kind compensation and benefits	484
End-of-service benefits	856
Total	13,225

The Company has committed to disclose the remuneration of the Executives in accordance with the statutory requirements mentioned in Article (87)

of the Corporate Governance Regulations, and in accordance with Paragraph (b) of Article (78) of the rules for offering securities and continuing obligations.

Details of Stocks and Debt Instruments Issued by Each Subsidiary

Subsidiary Name	Number of Shares and Nominal Value	Debt Instruments
National Shipping Company of Saudi Arabia (NSCSA), USA	1,000 shares, SR 3,750 each	-
Mideast Ship Management Ltd.	One share, SR 306,540	-
National Chemical Carriers Company	61,000,000 shares, SR 10 each	-
Bahri Dry Bulk Company	200,000 shares, SR 1,000 each	-
Bahri Bollore Logistics	300,000 shares, SR 100 each	-
Petreddec Limited	6,111,111 shares, SR 21.47 each	-
International Maritime Industries	424,200 shares, SR 3,750 each	-
National Grain Company	9,000,000 shares, SAR 10 each	-

Bahri's Shareholder Register Requests – Dates and Reasons

No. of Requests	Date of Request	Reason of Request
2	7/3/2022	Corporate actions
1	3/4/2022	Other
1	9/5/2022	Corporate actions
1	16/5/2022	The General Assembly
1	23/5/2022	Corporate actions
1	6/6/2022	Corporate actions
1	14/6/2022	Other
1	3/7/2022	The General Assembly
1	30/8/2022	Corporate actions
1	6/9/2022	Other
1	3/11/2022	Corporate actions
1	6/11/2022	Other
1	28/12/2022	Corporate actions

Statutory Payments

Entity	Amount in (SAR'000s)	Description	Reasoning
Zakat, Tax and Customs Authority (ZATCA)	92,927	Zakat is charged based on an assessment provided by the consultant for the Zakat provision needed	Governmental requirement
General Organization for Social Insurance (GOSI)	14,129	GOSI is calculated based on the Standard	Governmental requirement

Implemented and Unimplemented Corporate Governance Provisions and Justifications for Non-Implementation

Having reviewed Saudi Arabia's Corporate Governance Regulations that are issued by the Capital Market Authority (CMA), Bahri approved the governance rules and standards in application of its requirements.

As for detailing how compliant the Company is with the said regulations, Bahri shall implement all provisions set forth in the same except the following:

Article/ Clause No.	Article/Clause Text	Non-Implementation Justification
Article 87 - Clause 19	Geographical analysis of the company's and its affiliates' revenues	There is no geographical analysis due to the nature of company's and its affiliates' works; the ships and tankers are operating in the high seas and transporting shipments across a large number of local and global ports, which prevents linking revenues to one specific region.
Article 67	Composition of the Risk Management Committee	These articles are guidelines.
Article 68	Competencies of the Risk Management Committee	The company's management constantly reviews its risk management policies to ensure the implementation of approved policies and programs and prevent risks that the company may face. Additionally, the Audit Committee ensures risk management operations and applicable systems work efficiently across all levels of the company.
Article 69	Meetings of the Risk Management Committee	
Article 80	Regulating the relationship with stakeholders	This article is a guideline. There is no written policy, however, Bahri's Articles of Association and the policies and regulations approved by the General Assembly, the Board and relevant laws and regulations guarantee the protection of the rights of all stakeholders.
Article 82	Employee incentives	This article is a guideline. The company has as part of its policies many other employee engagement and performance development and incentive programs.
Article 84	Social responsibility	These articles are guidelines. Bahri works constantly towards participating in different social activities aimed at developing the social and economic situation of the community
Article 85	Social initiatives	
Article 92	Formation of a Corporate Governance Committee	This article is a guideline. The company complies with, develops, monitors the implementation of, verifies the effectiveness and amends when necessary its corporate governance rules.

General Assemblies Held in 2022

The Extraordinary General Assembly was held on 16th May 2022 and attended by the following Board members:

Mr. Mohammed Abdulaziz Al Sarhan	Chairman of the Board and Chairman of the Strategy and Investment Committee
Dr. Abdulmalik Abdullah Al Hogail	Vice Chairman of the Board and Chairman of the Audit Committee
Eng. Ahmed Ali Al Subaey	Board member and Chief Executive Officer
Mr. Khalifa Abdullatif Al Mulhim	Board member and Chairman of the Nomination and Remuneration Committee
Mr. Yasser Abdulaziz Al Kadi	Board member
Mr. Abdulrahman Mohammed Al Suhaibani	Board member
Mr. Yasir Abdullah Al Salman	Board member
Mr. Raid Abdullah Ismail	Board member

The following should be noted:

- There has been no third party to assess the performance of the Board of Directors and its committees; the evaluation is conducted internally using various evaluation methods
- The Company has not been subject to any sanctions or penalties of any supervisory, regulatory, or judicial entity during 2022
- The Company has a dedicated internal auditing department
- There has been no conflict between the recommendations of the Audit Committee and the Board resolutions concerning the appointment, dismissal, remuneration, and evaluation of the performance of the Company's auditor or the appointment of the internal auditor
- Bahri prepares its financial statements in compliance with the International Financial Reporting Standards (IFRS), which contain nothing different from the standards adopted by the Saudi Organization for Certified Public Accountants (SOCPA)
- There were no private interests with regards to the class of shares carrying voting rights
- The Company has not issued or granted any transferable debt instruments, contractual securities, memoranda on subscription rights or any similar rights during the fiscal year
- The Company has not issued or granted any transfer or subscription rights by virtue of any transferable debt instruments, contractual securities, memoranda on subscription rights or any similar rights
- There has been no redemption, purchase, or cancellation of any redeemable debt instruments by the Company
- There has been no arrangement or agreement pursuant to which a Board member or Senior Executive waived their right to receive any bonuses
- There has been no arrangement or agreement under which a shareholder of the Company has waived any of their rights to dividends
- No investments or reserves were created for the Company's employees
- The Auditor's Report contained no reservations related to the Annual Financial Statements
- The Board of Directors issued no recommendations as to changing the auditor prior to the expiry of the period for which the same is assigned
- There were no treasury shares kept by the Company
- There have been no businesses or contracts to which the Company has been a party that carries any interest for any Board member, senior executive or any person in relationship with any of them
- There have been no competing businesses with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses

Acknowledgments:

The Board of Directors hereby acknowledges the following:

- Accounting records have been prepared in a sound manner
- The internal control system has been established on a sound basis and implemented effectively
- The Company's ability to continue its operations is not subject to doubt

Board of Directors

National Shipping Company of Saudi Arabia (Bahri)



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KPMG Professional Services

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Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia

Opinion

We have audited the consolidated financial statements of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia (Continued)

Impairment assessment of Vessels

See note 4.16 to the consolidated financial statements for the accounting policy relating to the impairment of non-financial assets and note 6 to the consolidated financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
<p>The Group owns and operates 92 vessels (2021: 90 vessels) that are used in transportation activities. The carrying value of the vessels, which is included as part of property and equipment, is SAR 13.9 billion (2021: SAR 13.9 billion) representing approximately 61% (2021: 64%) of total assets as at 31 December 2022.</p> <p>In accordance with IAS 36 Impairment of assets, the Group is required to assess indicators of impairment in respect of the vessels at each reporting date. In case such indicators are identified, the recoverable amounts of such vessels are required to be determined.</p> <p>As part of the Group's process to review for any indication of impairment of its vessels, management considers internal and external indicators of impairment, including but not limited to:</p> <ul style="list-style-type: none"> - observable indications that the value of vessels have significantly declined; - significant changes with an adverse effect on the Group in the technological, market, economic or legal environment in which the Group operates; - evidence of obsolescence or physical damage of the vessels; - significant changes with an adverse effect to the vessels, which includes the vessels becoming idle, plans to discontinue its operation and/or plans to dispose of vessels; - reassessment of the useful life of the vessels; and - operating losses incurred by the vessels. <p>Hence, the evaluation of impairment indicators and the recoverable amount, where required, involves the exercise of significant judgment and has therefore been determined as a key audit matter.</p>	<p>We performed the following procedures in relation to the impairment indicators assessment of vessels:</p> <ul style="list-style-type: none"> - Assessed the process followed by the Group for the assessment of impairment indicators and recoverable amounts, where required, during the year ended 31 December 2022; - Assessed the design and implementation, and tested the operating effectiveness of the controls implemented by the Group as part of the assessment of impairment indicators; - Assessed the physical condition of the Group's fleet of vessels by inspecting class certificates; - Inspected the dry docking reports prepared during the year by the External Technical Inspector which support the inspection and maintenance of certain vessels; - Assessed the vessels' estimated useful life by inspecting the benchmarking report prepared by management that covers relevant industry information; - Assessed the adequacy of the Group's disclosures in respect of estimation of the useful life of vessels in the consolidated financial statements; - Confirmed the future plans for the vessels by inspecting the minutes of meetings of the Board of Directors; and - Inspected the operating profit and loss statement for the year for each vessel.



Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group").

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

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

KPMG Professional Services


Fahad Mubark Aldossari
 License No: 469

Riyadh, 16 March 2023
 Corresponding to 24 Shaban 1444H



THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position

As at 31 December 2022

(In thousands of Saudi Riyals)

	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	13,960,421	13,949,152
Projects under construction	7	935,512	1,298,464
Right of use assets	19	420,412	515,721
Intangible assets	8	373,897	454,056
Equity accounted investees	9	1,575,117	1,497,605
Other non-current financial assets	10	64,205	42,880
TOTAL NON-CURRENT ASSETS		17,329,564	17,757,878
CURRENT ASSETS			
Inventories	11	511,198	479,858
Trade receivables and contract assets	12	2,069,025	1,383,509
Prepayments and other current assets	13	458,952	661,648
Investment in Murabaha fund at FVTPL	14	-	188,456
Cash and cash equivalents	15	2,529,358	1,178,269
TOTAL CURRENT ASSETS		5,568,533	3,891,740
TOTAL ASSETS		22,898,097	21,649,618
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	4,921,875	3,937,500
Statutory reserve	16	351,750	1,232,034
Share premium		1,489,103	1,489,103
Other reserves		34,403	186
Retained earnings		3,694,023	2,754,283
Equity attributable to equity holders of the Parent Company		10,491,154	9,413,106
Non-controlling interests	32	624,196	546,891
TOTAL EQUITY		11,115,350	9,959,997
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	17	8,537,438	4,548,020
Employees' end of service benefits	18	79,315	70,510
Lease liabilities	19	341,298	397,906
Derivative financial instruments		5,002	8,604
TOTAL NON-CURRENT LIABILITIES		8,963,053	5,025,040
CURRENT LIABILITIES			
Loans and borrowings	17	980,634	5,060,830
Lease liabilities	19	97,069	124,700
Trade and other payables	20	1,486,545	1,256,584
Provision for Zakat and income tax	21	255,446	222,467
TOTAL CURRENT LIABILITIES		2,819,694	6,664,581
TOTAL LIABILITIES		11,782,747	11,689,621
TOTAL EQUITY AND LIABILITIES		22,898,097	21,649,618

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

(In thousands of Saudi Riyals)

	Note	2022	2021
Revenue	22	8,582,580	5,351,075
Operating costs	23	(7,204,452)	(4,917,976)
Gross profit before bunker subsidy		1,378,128	433,099
Bunker subsidy		93,005	123,396
Gross profit		1,471,133	556,495
General and administrative expenses	24	(200,469)	(166,100)
Reversal/ (provision) on trade receivables and contract assets	12	25,609	(2,032)
Other income	25	197,017	36,465
Operating profit		1,493,290	424,828
Finance costs, net	26	(297,408)	(180,027)
Share of results of equity accounted investees	9	59,642	46,840
Profit before Zakat and income tax		1,255,524	291,641
Zakat and income tax	21	(92,927)	(58,009)
Profit for the year		1,162,597	233,632
Profit for the year attributable to:			
Equity holders of the Parent Company		1,040,909	192,433
Non-controlling interests	32	121,688	41,199
		1,162,597	233,632
Earnings per share:			
Basic & diluted	27	2.11	0.39

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

(In thousands of Saudi Riyals)

	Note	2022	2021
Profit for the year		1,162,597	233,632
Items that will not be reclassified to profit or loss			
Re-measurement loss of employees' end of service benefits	18	(2,730)	(1,215)
Items that are or may be reclassified subsequently to profit or loss			
Equity accounted investees-share of OCI	9	36,881	19,451
Total comprehensive income for the year		1,196,748	251,868
Total comprehensive income attributable to:			
Equity holders of the Parent Company		1,075,126	210,925
Non-controlling interests		121,622	40,943
Total comprehensive income for the year		1,196,748	251,868

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(In thousands of Saudi Riyals)

	Note	2022	2021
OPERATING ACTIVITIES			
Profit for the year		1,162,597	233,632
Adjustments to reconcile profit for the year to net cash flows from operating activities			
Depreciation of property and equipment	6	1,122,842	1,042,938
Depreciation of right of use assets	19	124,499	108,493
Amortization/ derecognition of intangible assets	8	84,931	47,282
(Reversal)/ provision on trade receivables and contract assets	12	(25,609)	2,032
Finance costs, net	26	297,408	180,027
Share of results of equity accounted investees	9	(59,642)	(46,840)
Realized/ unrealized gain from investment in Murabaha fund at FVTPL	14	(1,523)	(956)
Gain on disposal of property and equipment	25	(159,840)	(58)
Zakat and income tax	21	92,927	58,009
Employees' end of service benefits	18	14,246	11,544
		2,652,836	1,636,103
Working capital adjustments:			
Inventories		(31,340)	(192,137)
Trade receivables and contract assets		(659,907)	(350,191)
Prepayments and other current assets		203,193	(53,477)
Trade and other liabilities		134,719	10,247
Cash from operating activities		2,299,501	1,050,545
Finance costs paid		(227,622)	(177,858)
Zakat and income tax paid	21	(59,948)	(59,601)
Employees' end of service benefits paid	18	(8,171)	(7,550)
Net cash from operating activities		2,003,760	805,536
INVESTING ACTIVITIES			
Additions of property and equipment	6	(225,496)	(222,727)
Additions of projects under construction	7	(1,080,084)	(924,683)
Additions of intangible assets	8	(4,772)	(3,554)
Proceeds from disposals of property and equipment		694,261	60
Investments in equity accounted investees	9	(94,625)	(88,440)
Dividend received from equity accounted investee	9	113,636	-
Proceeds of sale/ (investment) in Murabaha fund at FVTPL	14	189,979	(187,500)
Other non-current financial assets		14,661	18,818
Net cash used in investing activities		(392,440)	(1,408,026)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	17	4,999,128	1,450,349
Repayment of loans and borrowings		(5,090,403)	(742,106)
Dividends paid	31	-	(787,500)
Payment of lease liabilities		(127,561)	(112,391)
Net change in non-controlling interest		(41,395)	(2,807)
Net cash used in financing activities		(260,231)	(194,455)
Increase/ (decrease) in cash and cash equivalents		1,351,089	(796,945)
Cash and cash equivalents at beginning of the year		1,178,269	1,975,214
Cash and cash equivalents at end of the year	15	2,529,358	1,178,269
Significant non-cash transactions:			
Projects under construction transferred to property and equipment	6&7	1,443,036	560,645
Right of use assets	19	29,190	473,071

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(In thousands of Saudi Riyals)

	Attributable to equity holders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2021	3,937,500	1,232,034	1,489,103	(18,306)	3,349,350	9,989,681	508,755	10,498,436
Profit for the year	-	-	-	-	192,433	192,433	41,199	233,632
Other comprehensive income	-	-	-	18,492	-	18,492	(256)	18,236
Total comprehensive income for the year	-	-	-	18,492	192,433	210,925	40,943	251,868
Net change in non-controlling interest	-	-	-	-	-	-	(2,807)	(2,807)
Dividends (note 31)	-	-	-	-	(787,500)	(787,500)	-	(787,500)
Balance at 31 December 2021	3,937,500	1,232,034	1,489,103	186	2,754,283	9,413,106	546,891	9,959,997
Balance at 1 January 2022	3,937,500	1,232,034	1,489,103	186	2,754,283	9,413,106	546,891	9,959,997
Profit for the year	-	-	-	-	1,040,909	1,040,909	121,688	1,162,597
Other comprehensive income	-	-	-	34,217	-	34,217	(66)	34,151
Total comprehensive income for the year	-	-	-	34,217	1,040,909	1,075,126	121,622	1,196,748
Transferred from statutory reserve to share capital (note 16)	984,375	(984,375)	-	-	-	-	-	-
Net change in non-controlling interest (note 32)	-	-	-	-	2,922	2,922	(44,317)	(41,395)
Transferred to statutory reserve	-	104,091	-	-	(104,091)	-	-	-
Balance at 31 December 2022	4,921,875	351,750	1,489,103	34,403	3,694,023	10,491,154	624,196	11,115,350

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

The National Shipping Company of Saudi Arabia (the “Company” or “Bahri” or “Parent Company”), a Saudi Joint Stock Company was established under the Royal Decree No. M/5 dated 12 Safar 1398H (corresponding to 21 January 1978) and registered under Commercial Registration No. 1010026026 dated 1 Dhul Hijjah 1399H, (corresponding to 22 October 1979) issued in Riyadh. The Company's head office is located in Olaya district, Olaya Towers (Tower B), Floors (12-15), P.O Box 8931, Riyadh, 12213, Kingdom of Saudi Arabia.

The Company and its subsidiaries listed below (the “Group”) are primarily engaged in purchasing, selling and operating vessels for the coordination of transport & storage on board vessels, transportation of cargo, cargo clearance, agencies for maritime shipping companies and all marine transport activities. The Group performs its operations through four distinct segments which are crude oil transportation, chemicals transportation, logistics and dry bulk transportation. The Group is also engaged in the ownership of land, properties inside or outside the Kingdom, ownership of shares in other existing companies or merging with them and participating with others in establishing companies with similar activities or complementary activities.

The Company's share capital amounting to SAR 4,921,875,000 as at 31 December 2022 is divided into 492,187,500 shares (31 December 2021: SAR 3,937,500,000 divided into 393,750,000 shares) with a par value of SAR 10 each (note 16).

The subsidiary companies whose financial information are incorporated into these consolidated financial statements are as follows:

Subsidiary	Date of incorporation	Effective Ownership %		Principal Activity	Location
		2022	2021		
NSCSA Inc. – USA	1991	100	100	Company's ship agent	USA
Mideast Ship Management Limited (JLT)	2010	100	100	Ships technical management	UAE
Bahri Logistics Company*	2017	100	60	Logistics services	KSA
National Chemical Carriers Company Limited (NCC)	1990	80	80	Petrochemical transportation	KSA
Bahri Dry Bulk Company (BDB)	2010	60	60	Dry bulk transportation	KSA

*On 18 August 2022, the Group acquired an additional 40% of Bahri Logistics Company (Previously: Bahri Bolloré Logistics Company) increasing its ownership to 100% (note 32).

The equity accounted investees whose financial information is incorporated in these consolidated financial statements are as follows:

Equity accounted investee	Date of incorporation	Effective Ownership %		Principal Activity	Location
		2022	2021		
Petredec Pte Limited (note a)	1980	30.3	30.3	Liquefied petroleum gas transportation	Singapore
International Maritime Industries Company (note b)	2017	19.9	19.9	Maritime industries	KSA
National Grain Company (note c)	2021	50	50	Packing and storage of grain	KSA

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

a) During 2022, Petredec Pte. Limited (“Petredec”) changed its year end from 31 August to 31 December. The Group’s share of Petredec results for the financial period are recorded as per the latest financial statements prepared by Petredec. The difference between the latest financial statements prepared by Petredec and the Group condensed consolidated interim financial statements is two months.

b) International Maritime Industries Company (IMI) was established in KSA with capital of SAR 1,107 million between the Company, ARAMCO, Maritime Offshore Limited (Lamprell), and Korea Shipbuilding & Offshore Engineering Company Ltd. The Group’s share in the established Company represents 19.9%.

c) During August 2020, the Company entered into a joint venture (“JV”) agreement to establish the National Grain Company with United Farmers Investment Company (“UFIC”). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port, to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. The legal formalities were finalized, and the commercial register was issued on 31 March 2021. The JV has not yet commenced operations.

The Company operates through the following branches:

Trade Name	Registration No.	Registration Date	City
The National Shipping Company of Saudi Arabia	1010026026	23/10/1979	Riyadh
The National Shipping Company of Saudi Arabia	4030033402	21/2/1982	Jeddah
The National Shipping Company of Saudi Arabia	2050013881	30/7/1983	Dammam
The National Shipping Company of Saudi Arabia	2055001309	25/7/1984	Jubail
The National Shipping Company of Saudi Arabia	JLT-65807	06/12/2010	Dubai
The National Shipping Company of Saudi Arabia	F06135	26/08/2016	New Delhi

Group’s fleet:

As at 31 December 2022, the Group operated 92 owned vessels and 6 vessels under lease contract (31 December 2021: owned 90 vessels and 6 vessels under lease contract) operating in the following sectors:

Crude oil transportation sector:

Consists of 42 vessels (31 December 2021: 47 vessels) out of which, 38 very large crude carriers (VLCCs) are operating in the spot market. The Group also owns 4 product tankers, managed commercially by NCC.

Chemicals transportation sector:

This sector is fully operated by NCC. It owns 35 vessels and 6 vessels under lease contract (31 December 2021: owned 28 vessels and 6 vessels under lease contract). Specialized tankers distributed as follows:

- 34 tankers that operate in the spot market.
- 2 tankers are chartered to the International Shipping and Transportation Co. Ltd., a subsidiary of Saudi Basic Industries Corporation (“SABIC”) and 5 tankers are chartered to ARAMCO.

Logistics sector:

This sector consists of 6 RoCon vessels (31 December 2021: 6 vessels) operating on commercial lines between North America, Europe, Middle East, the Indian Subcontinent and Asia.

Dry bulk transportation sector:

This sector is fully operated by BDB, and it owns 9 vessels (31 December 2021: 9 vessels) specialized in transporting dry bulk cargo, 5 of them are chartered to the Arabian Agricultural Services Company (ARASCO), and 4 vessels are operating in the spot market.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

2.2. Preparation of financial statements

(i) Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except for:

- Derivative financial instruments and investment in Murabaha fund are measured at fair value.
- Employees’ end of service benefits are recognized at the present value of future obligations using the projected unit credit method.

(ii) Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal (“SAR”), which is the Company’s functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. BASIS OF CONSOLIDATION

The Company and its subsidiaries are referred to collectively as the “Group”. Subsidiaries are entities controlled by the Group. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement in the investee.
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in these consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets, liabilities, income, expenses and cash flows relating to transactions are eliminated in full on consolidation.

Non-controlling interests are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

If the Group loses control over a subsidiary, it:

- De-recognizes the assets and liabilities of the subsidiary;
- De-recognizes the carrying amount of any non-controlling interest;
- De-recognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the condensed consolidated statement of profit or loss;

The Company and its subsidiaries have the same reporting periods except Petredec (Equity accounted investee) as explained in note 1.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements. Certain comparative figures have been reclassified to conform to the current year presentation.

4.1. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

- Impairment assessment of vessels.
- Measurement of defined benefit obligations; key actuarial assumptions
- Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.

4.2. Revenue from Contracts with Customers

The Group recognizes revenue from contracts with customers based on the five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue is recognized when a customer receives the services.

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms
Time Charter arrangement (Time charter)	The Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. Further, because the Group charges a fixed amount for each day of service provided, the Group has a right to invoice the customer an amount that corresponds directly with the value of the Group's performance completed to date. Revenue is recognized based on percentage of completion.
Voyage charter (Spot & charter hire)	In case of voyage charter arrangements including liner, revenue for shipping services is recognized over time as the customer benefits from the service received as it is being performed. The group identifies the performance obligation as the transport of goods from load port to discharge port. Thus, revenue is evenly accrued from the point of loading through to the point of completed discharge based upon the voyage days completed as a proportion of the expected total days of the voyage.
Logistics revenue (Freight forwarding)	Logistics revenue excluding liner primarily comprises order fulfilment and transportation services. Logistics revenue is recognized at the point in time when the services are rendered to the customer.

In certain revenue arrangements, the Group is entitled to variable benefits or obliged to pay for certain obligations (majorly demurrages) which are contingent upon occurrence or non-occurrence of a specified event. While determining the transaction price, management estimate a transaction price which is highly probable of being recovered and not subject to reversal. The variable benefits are not included in the initial assessment of the transaction price as the Group is entitled to them only on occurrence.

4.3. Financial Instruments

i- Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii- Classification and subsequent measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at Fair Value Through Profit and Loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The financial assets at amortized cost consist of trade receivables and contract assets, other non-current financial assets, other current financial assets and cash and cash equivalents.

Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither

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transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

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

Impairment of non-derivative financial assets

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 4 years past due from government and semi-government, and 2 years past due from commercial customers;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables and contract assets, are presented separately in the statement of profit or loss.

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4.4. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, short-term deposits, and Murabaha with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

4.5. Inventories

Inventories consist of bunker fuel, lubricating oils and other supplies. Inventories are measured at the lower of cost or net realizable value. Costs of the used bunker inventory are measured by using the First-in-First-out method while the costs of lubricating oil and other supplies are measured using weighted average method.

Cost includes the net purchase price (after trade discounts) and any shipping, transportation, insurance, custom duties and other direct expenses related to the acquisition of the inventory.

4.6. Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects (qualifying assets) if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Property and equipment	Useful lives (in years)
Buildings and improvements	3 to 20
Fleet and equipment	2.5 to 25
Containers and trailers	5 to 12
Furniture and fixtures	10
Tools and office equipment	2 to 4
Motor vehicles	2 to 4
Computer equipment	4 to 6
Container yards - equipment	5 to 12.5

If an item of property and equipment comprises individual components for which different depreciation methods or rates are appropriate, then each component is depreciated separately. A separate component may either be a physical component or a non-physical component that represents a major inspection or overhaul (such as dry docking of vessels).

For recognition of the Group's vessels, first dry-docking costs are considered as a major component of a vessel which are recorded as a separate asset and depreciated separately. Subsequent dry-docking costs are capitalized as a separate asset and depreciated over the years until the next scheduled dry docking.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

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The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Spare parts and capitalized machines, meeting the definition of property and equipment, are accounted as per the principles of IAS 16.

4.7. Projects under construction

Projects under construction at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant asset categories and are depreciated once they are available for their intended use.

4.8. Intangible assets

Intangible assets are measured at cost, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be measured reliably.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

The amortization methods and useful lives are reviewed at each financial year end and adjusted prospectively, if considered necessary. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the useful life or amortization method, as appropriate.

Intangible assets mainly represent software and long-term substantial transportation contracts, which are amortized over a period of 4 to 17 years.

4.9. Equity accounted investees

An equity accounted investee is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to net assets to the arrangement, rather than right to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted using the equity method. They are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the equity accounted investee. When the Group's share of losses of an equity accounted investee exceeds the Group's interest in that equity accounted investee (which includes any long-term interests that, in substance, form part of the Group's net investment in equity accounted investees), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investee. If the equity accounted investee subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

On acquisition of the equity accounted investee, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of equity accounted investee's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in consolidated statement of profit or loss in the period in which the investment is acquired.

When a Group entity transacts with an equity accounted investee of the Group, profits or losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the equity accounted investee that are not related to the Group.

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4.10. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Group as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

4.11. Classification of assets and liabilities to “current” and “non-current”

The Group present assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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 the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

4.12. Foreign currency transactions

The Group's consolidated financial statements are presented in Saudi Riyals rounded to the nearest thousand, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated into the Group's functional currency at the exchange rate at the reporting date for the Group. All differences arising on settlement or translation of monetary items are generally taken to the statement of profit or loss.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

4.13. Foreign currency translation

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyal at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of transaction. The exchange differences arising on translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of profit or loss.

4.14. Zakat and income tax

The Company and its subsidiaries in the Kingdom of Saudi Arabia are subject to regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, which is subject to interpretations. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted Zakat profit or Zakat base. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and annually evaluates positions taken in the Zakat returns with respect to any Zakat differences. Zakat is charged to the consolidated statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the year in which the final assessments are finalized.

For subsidiaries outside Kingdom of Saudi Arabia, income tax is provided for in accordance with the regulations applicable in the respective countries and is charged to the consolidated statement of profit or loss. Provision is made for withholding tax on payments to non-resident parties and is charged to the consolidated statement of profit or loss.

4.15. Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

4.16. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying

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amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

4.17. Cash dividends to shareholders

The Group recognizes a liability to make cash distributions to the shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the company's regulations of Saudi Arabia, a distribution is authorized when it is approved by the shareholders or when interim dividends are approved by the General Assembly. A corresponding amount is recognized directly in equity.

4.18. Employees' end of service benefits

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plan

A provision is made for amounts payable to employees under the Saudi Labor Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee.

The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the defined benefit obligation under 'operating cost', and 'general and administrative expenses' in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Interest expense

4.19. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

4.20. Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the consolidated financial statements; it is disclosed unless the outflow of economic benefits is remote.

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4.21. Earnings per share – EPS

The Group determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

4.22. Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Group must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the share capital. This reserve is not available for distribution to the shareholders of the Company.

4.23. Bunker subsidy

A bunker subsidy is recognized when all attached conditions are complied with and it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group recognizes unconditional government subsidy related to bunker purchases in the consolidated statement of profit or loss as bunker subsidy income.

4.24. Segment reporting

A reporting segment is a component of the Group that engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision makers about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Group is organized into business units based on their operations and has the following reportable segments:

- Transportation of oil
- Transportation of chemicals
- Logistics
- Transportation of dry bulk
- Head office and Others

The Group's management reviews the above segments for quantitative thresholds as well as criteria for presenting the revenues and expenses for the segments at the end of every reporting year.

4.25. Amendments to Standards and Interpretations:

The adoption of the following amendments to the existing standards had no significant financial impact on the consolidated financial statements of the Group:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous Contracts-Cost of fulfilling a Contract-Amendments to IAS 37.
- Annual Improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3).

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(In thousands of Saudi Riyals)

4.26. Standards issued and not yet effective

The following pronouncements are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements and is expected to have no significant effect in future periods.

- Classification of Liabilities as current or non-current (Amendments to IAS 1).
- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of accounting estimate (Amendments to IAS 8).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.
- Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28).

5. OPERATING SEGMENTS

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

a) The following schedule illustrates the Group's activities according to the operating segments for the year ended 31 December:

31 December 2022	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Revenue	5,119,215	2,058,097	1,099,161	296,388	9,719	8,582,580
Operating costs	(4,381,332)	(1,615,716)	(1,051,522)	(153,520)	(2,362)	(7,204,452)
Bunker subsidy	76,717	3,390	12,898	-	-	93,005
Gross profit	814,600	445,771	60,537	142,868	7,357	1,471,133
General and administrative expenses	(13,882)	(13,434)	(22,153)	(10,820)	(140,180)	(200,469)
Reversal/ (provision) on trade receivables and contract assets	11,247	(1,038)	15,068	348	(16)	25,609
Other income	157,852	22,008	9,791	1,918	5,448	197,017
Finance costs	(198,297)	(68,095)	(15,575)	(12,255)	(3,186)	(297,408)
Share of results of equity accounted investees	-	-	-	-	59,642	59,642
Profit/ (loss) before Zakat and income tax	771,520	385,212	47,668	122,059	(70,935)	1,255,524

The Group's vessels are deployed throughout the world and are not concentrated in certain geographical areas. The Group's management does not consider the geographical distribution of the Group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

All operating segments results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assessing the performance of segments, for which discrete financial information is available.

Revenue from the major customers (also related parties) represented around 49% (31 December 2021: 43%) of the Group's total revenue.

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31 December 2021	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Revenue	3,102,459	1,174,764	808,805	253,485	11,562	5,351,075
Operating costs	(2,875,607)	(1,138,584)	(782,812)	(117,252)	(3,721)	(4,917,976)
Bunker subsidy	109,777	1,677	11,942	-	-	123,396
Gross profit	336,629	37,857	37,935	136,233	7,841	556,495
General and administrative expenses	(14,039)	(14,760)	(21,568)	(9,570)	(106,163)	(166,100)
(Provision)/ reversal on trade receivables and contract assets	(357)	(1,916)	281	(40)	-	(2,032)
Other income	18,590	4,626	6,030	337	6,882	36,465
Finance costs	(114,300)	(31,086)	(8,806)	(12,129)	(13,706)	(180,027)
Share of results of equity accounted investees	-	-	-	-	46,840	46,840
Profit/ (loss) before Zakat and income tax	226,523	(5,279)	13,872	114,831	(58,306)	291,641

b) The following schedule illustrates the distribution of the Group's assets and liabilities according to the operating segments:

31 December 2022	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	8,513,430	3,435,307	1,086,510	904,129	21,045	13,960,421
Total assets	10,885,763	5,507,061	2,338,049	1,262,808	2,904,416	22,898,097
Total liabilities	5,963,743	3,536,470	955,261	666,500	660,773	11,782,747

31 December 2021	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	9,520,210	2,307,678	1,151,513	947,381	22,370	13,949,152
Total assets	11,546,408	4,080,855	2,375,722	1,139,398	2,507,235	21,649,618
Total liabilities	6,459,985	2,485,103	1,098,856	644,427	1,001,250	11,689,621

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6. PROPERTY AND EQUIPMENT

31 December 2022	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
Cost									
At 1 January 2022	65,354	22,393,220	10,265	12,402	4,878	3,076	30,636	14,264	22,534,095
Additions/ transfers*	801	1,663,837	1,799	561	13	-	1,521	-	1,668,532
Disposals	(2,017)	(1,331,976)	(101)	(3,621)	(2,923)	(160)	(9,519)	-	(1,350,317)
At 31 December 2022	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310
Accumulated depreciation									
At 1 January 2022	48,110	8,473,037	6,882	8,798	4,437	2,166	27,320	14,193	8,584,943
Charge for the year	2,474	1,115,693	681	818	275	910	1,988	3	1,122,842
Disposals	(1,860)	(797,716)	(101)	(3,618)	(2,923)	(160)	(9,518)	-	(815,896)
At 31 December 2022	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889
Net book value:									
At 31 December 2022	15,414	13,934,067	4,501	3,344	179	-	2,848	68	13,960,421

* During 2022, 9 new vessels were received, and other projects were completed and capitalized amounting to SAR 1,443 million which were transferred from projects under construction (note 7).

Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 8 billion at 31 December 2022, are pledged against certain long-term loans.

31 December 2021	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
Cost									
At 1 January 2021	64,187	21,612,256	10,380	12,428	5,004	3,201	27,320	14,433	21,751,566
Additions/ transfers*	1,167	780,964	-	64	-	-	1,988	-	783,372
Disposals	-	-	(115)	(90)	(126)	(125)	(9,518)	(169)	(843)
At 31 December 2021	65,354	22,393,220	10,265	12,402	4,878	3,076	19,790	14,264	22,534,095
Accumulated depreciation									
At 1 January 2021	45,249	7,438,561	6,458	8,107	4,253	1,117	25,001	14,100	7,542,846
Charge for the year	2,861	1,034,476	539	779	310	1,174	2,537	262	1,042,938
Disposals	-	-	(115)	(88)	(126)	(125)	(218)	(169)	(841)
At 31 December 2021	48,110	8,473,037	6,882	8,798	4,437	2,166	27,320	14,193	8,584,943
Net book value:									
At 31 December 2021	17,244	13,920,183	3,383	3,604	441	910	3,316	71	13,949,152

* During 2021, a new vessel was received, and other projects were completed and capitalized amounting to SAR 561 million which transferred from projects under construction (note 7).

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7. PROJECTS UNDER CONSTRUCTION

The movement in projects under construction is as follows:

	2022	2021
Beginning balance	1,298,464	934,426
Additions	1,080,084	924,683
Transferred to property and equipment (note 6)	(1,443,036)	(560,645)
Ending balance	935,512	1,298,464

The Company signed an agreement on 17 December 2019 with Saline Water Conversion Corporation (“Arrows project”) for the construction of 3 floating stations for water desalination with a total cost of SAR 760 million, for supplying desalinated water from floating mobile stations to desalination plants tanks. The construction commenced in January 2020 and the operation is expected to commence during the second half of the year 2023.

NCC signed contracts on 20 August 2020 with Hyundai Mipo Dockyard Company Limited to build 10 chemical tankers for a total amount of SAR 1,538 million. All tankers are expected to be delivered in batches, starting from the second quarter of 2022 until the first quarter of the year 2023. As per agreed schedule 9 vessels were received during 2022.

8. INTANGIBLE ASSETS

Intangible assets majorly represent software and long-term transportation contracts, which resulted from purchasing the operations and assets of Vela Company (a subsidiary of ARAMCO) in 2014. The value of those intangible assets is amortized over the estimated total average remaining useful life of the purchased vessels.

	2022	2021
Cost		
Opening balance	830,440	827,401
Additions	4,772	3,554
Derecognition	(95,129)	(515)
Ending balance	740,083	830,440
Accumulated amortization		
Opening balance	376,384	329,617
Charge for the year	73,395	47,282
Derecognition	(83,593)	(515)
Ending balance	366,186	376,384
Net book value	373,897	454,056

9. EQUITY ACCOUNTED INVESTEEES

The balance of equity accounted investees as at 31 December contains investments in the following companies:

	Note	2022	2021
Petreddec Pte. Limited	9.1	1,421,284	1,314,471
International Maritime Industries Company (IMI)	9.2	114,989	164,551
National Grain Company (NGC)	9.3	38,844	18,583
		1,575,117	1,497,605

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The share of results of equity accounted investees is as follows:

	Note	2022	2021
Share of profit in Petreddec Pte. Limited	9.1	182,760	123,753
Share of loss in IMI	9.2	(123,379)	(70,496)
Share of profit/ (loss) in NGC	9.3	261	(6,417)
		59,642	46,840

9.1. Petreddec Pte. Limited

The movement of investment in Petreddec Pte. Limited is as follows:

	2022	2021
Beginning balance	1,314,471	1,169,954
Dividends received during the year	(113,636)	-
Share of:		
Profit for the year	182,760	123,753
Other comprehensive income for the year	37,689	20,764
Ending balance	1,421,284	1,314,471

The table reconciles the summarized financial information to the carrying amount of the Group's interest in Petreddec as at 31 October:

	31 October 2022	31 October 2021
Current assets	3,119,528	3,229,163
Non-current assets	6,475,665	6,513,831
Current liabilities	(1,704,686)	(2,003,641)
Non-current liabilities	(3,379,238)	(3,591,093)
Net assets before non-controlling interest	4,511,269	4,148,260
Non-controlling interest	(82,005)	(72,834)
Net assets	4,429,264	4,075,426
Group's share of net assets (30.30%)	1,342,201	1,235,388
Goodwill	79,083	79,083
Carrying amount of investment in equity accounted investee	1,421,284	1,314,471
Revenue	24,309,150	16,042,181
Profit before non-controlling interest	755,169	496,102
Non-controlling interest	(27,687)	(19,196)
Total comprehensive income for the year	727,482	476,906
Group's share of total comprehensive income	220,449	144,517

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9.2. International Maritime Industries Company

The movement of investment in IMI is as follows:

	2022	2021
Beginning balance	164,551	172,920
Additional paid in capital	74,625	63,440
Share of loss for the year	(123,379)	(70,496)
Share of other comprehensive loss for the year	(808)	(1,313)
Ending balance	114,989	164,551

The table reconciles the summarized financial information to the carrying amount of the Group's interest in IMI as at 31 December:

	2022	2021
Current assets	1,977,218	1,523,505
Non-current assets	2,152,560	1,452,401
Current liabilities	(519,338)	(939,656)
Non-current liabilities	(2,717,565)	(1,099,020)
Net assets	892,875	937,230
Group's share of net assets (19.9%)	114,989	164,551
Carrying amount of investment in equity accounted investee	114,989	164,551
Revenue	284,644	673,703
Total comprehensive loss for the year	(491,400)	(302,123)
Group's share of total comprehensive loss	(124,187)	(71,809)

9.3. National Grain Company (NGC)

The movement of investment in NGC as follows:

	2022	2021
Beginning balance	18,583	-
Additional paid in capital	20,000	25,000
Share of profit / (loss) for the year	261	(6,417)
Ending balance	38,844	18,583

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The table reconciles the summarized financial information to the carrying amount of the Group's interest in NGC as at 31 December:

	2022	2021
Current assets	44,881	30,163
Non-current assets	130,611	83,703
Current liabilities	(20,484)	(76,700)
Non- current liabilities	(77,321)	-
Net assets	77,687	37,166
Group's share of net assets (50%)	38,844	18,583
Carrying amount of investment in equity accounted investee	38,844	18,583
Revenue	-	141
Total comprehensive loss for the year	(7,022)	(12,834)
Adjustment in equity	7,543	-
Group's share of total comprehensive income/ (loss)	261	(6,417)

10. OTHER NON-CURRENT FINANCIAL ASSETS

The balance of other non-current financial assets is as follows:

	2022	2021
Derivatives	46,691	7,103
Equity securities at FVOCI	11,899	7,334
Non-current trade receivables	5,532	28,360
Investment in government bonds	83	83
	64,205	42,880

11. INVENTORIES

The balance of inventory, located on the vessels, is as follows:

	2022	2021
Fuel	452,144	426,091
Lubricant	51,123	46,231
Others	7,931	7,536
	511,198	479,858

12. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables and contract assets include the following items:

	2022	2021
Trade receivables	622,340	640,668
Due from related parties (note 28)	1,352,128	689,316
	1,974,468	1,329,984
Contract assets (unbilled revenue)	263,400	247,993
	2,237,868	1,577,977
Less: Provision on trade receivables and contract assets (note a)	(168,843)	(194,468)
Trade receivables and contract assets, net	2,069,025	1,383,509

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a- The movement of provision on trade receivables and contract assets is as follows:

	2022	2021
Opening balance	194,468	195,947
(Reversal)/ charge for the year	(25,609)	2,032
Write-off	(16)	(3,511)
Ending balance	168,843	194,468

Included in trade receivables amounts due from Government entities amounting to SAR 141 million as at 31 December 2022 (31 December 2021: SAR 189 million). These amounts represent 7% of the net trade receivables as at 31 December 2022 (31 December 2021: 13%). 53% (31 December 2021: 52%) of the amounts due for more than 12 months are amounts due from Government entities. Please refer to note 29.4.1 for aging of trade receivables and contract assets.

13. PREPAYMENTS AND OTHER CURRENT ASSETS

The balance of prepayments and other current assets includes the following:

	2022	2021
Advances to suppliers	263,837	264,115
Recoverable bunker cost	76,609	220,657
Prepaid expenses	47,486	53,572
Refundable deposits	13,487	7,535
Insurance claims	9,918	65,740
Employees advances	2,741	11,351
Others	44,874	38,678
	458,952	661,648

14. INVESTMENT IN MURABAHA FUND AT FVTPL

	2022	2021
Opening balance	188,456	187,500
Realized/ unrealized gain	1,523	956
Sale of short-term investment	(189,979)	-
Ending balance	-	188,456

The cost of the investment is USD 50 million (equivalent to SAR 187.5 million) which represented a purchase of 18,326,094 units of a Murabaha Fund with an average unit price of USD 2.73. During 2022, the Company sold all the units recognizing a gain amounting to SAR 1.5 million.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent bank balances, cash, investments in Murabaha and short-term deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	2022	2021
Bank balances and cash	929,414	882,815
Murabaha and short-term deposits (Note 15.1)	1,599,944	295,454
Cash and cash equivalents in consolidated statement of cash flows	2,529,358	1,178,269

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15.1 Murabaha and Short-Term Deposits

Murabaha and short-term deposits comprise of the following:

	2022	2021
Murabaha and short - term deposits in USD	1,546,875	93,762
Murabaha and short - term deposits in Saudi Riyals	37,754	201,692
Murabaha and short - term deposits in AED	15,315	-
	1,599,944	295,454

Murabaha and short-term deposits yield finance income at prevailing market rates.

16. SHARE CAPITAL

The Company's share capital amounting to SAR 4,921,875,000 as at 31 December 2022 is divided into 492,187,500 shares (31 December 2021: SAR 3,937,500,000 divided into 393,750,000 shares) with a par value of SAR 10 each.

Based on a resolution passed at the Extraordinary General Assembly in its meeting held on 15 Shawwal 1443H (corresponding to 16 May 2022), the capital of the Company was increased from SAR 3,937,500,000 to SAR 4,921,875,000 by transferring SAR 984,375,000 from the "statutory reserve" account to the "share capital" account.

17. LOANS AND BORROWINGS

	Note	2022	2021
Sukuk	17.1	3,900,000	3,900,000
Murabaha loans	17.2	5,670,575	5,646,195
Commercial loans	17.3	-	18,156
Total loans and borrowings		9,570,575	9,564,351
Less: Total current portion		(980,634)	(4,963,330)
Non-current loan and borrowings		8,589,941	4,601,021
Less: prepaid financing		(52,503)	(53,001)
Net non-current loans and borrowings		8,537,438	4,548,020
Short-term loans	17.4	-	97,500
Current portion of long-term loans		980,634	4,963,330
Loans and borrowings - Current Liabilities		980,634	5,060,830
Loans and borrowings - Non-Current Liabilities		8,537,438	4,548,020
		9,518,072	9,608,850

17.1 Sukuk

On 6 Dhul-Hijjah 1443H (corresponding to 5 July 2022), the Company completed the issuance and offering of a local Sukuk denominated in Saudi Riyal for public offering with nominal value amounting to SAR 3,900 million, and a nominal value of SAR 1 million for each Suk. The Sukuk issuance bears a variable rate of return at SIBOR plus a predetermined margin, payable semi-annually. The Sukuk is due to mature at par value on its expiry date of 27 Safar 1451H (corresponding to 5 July 2029). The Group repaid the previous Sukuk on its due date on 31 July 2022.

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17.2 Murabaha borrowings

The Group obtained Murabaha long term loans during the year ended 31 December 2022 for a total of SAR 1,099 million (31 December 2021: SAR 1,353 million). Loans are secured by promissory notes and mortgages against vessels. These loans are repayable over 10 years on a quarterly or semi-annual basis and a repayment of SAR 1,075 million was made for the year ended 31 December 2022 (31 December 2021: SAR 706 million). The loans carry commission at normal commercial rates. The balance of loans against which profit is to be paid based on LIBOR as of 31 December 2022 is equivalent to SAR 1,522 million (31 December 2021: SAR 2,149 million) and the balance of loans against which profit is to be paid based on SIBOR as of 31 December 2022 totaled to SAR 4,148 million (31 December 2021: SAR 3,497 million). The balance in the prepaid financing account related to Murabaha loans at the end of 31 December 2022 is SAR 52.5 million (31 December 2021: SAR 53 million).

17.3 Commercial borrowings

The Group did not obtain any commercial long-term loan during the year ended 31 December 2022 (31 December 2021: nil). The loan was fully repaid and the total repayment against commercial borrowings during the year ended 31 December 2022 was SAR 18 million (31 December 2021: SAR 36 million).

17.4 Short Term Loan

The Group did not obtain any short-term loan during the year ended 31 December 2022 (31 December 2021: SAR 97.5 million). The total repayment against short term loans during the year ended 31 December 2022 is SAR 97.5 million (31 December 2021: nil). This loan was utilized to meet working capital requirements during the year.

17.5 Covenants

Borrowing agreements include covenants mainly related to maintaining certain ratios of leverage and debt to equity ratio. Under the terms of these agreements, lenders are entitled to demand immediate repayment of loans if these covenants are not met.

18. EMPLOYEES' BENEFITS

The Group has a post-employment defined benefit plan for its own employees. The benefits are required by Saudi Arabia labour law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the labour law of Kingdom of Saudi Arabia.

	2022	2021
Opening balance	70,510	65,301
Current service cost	12,652	10,818
Interest cost	1,594	726
Total cost charged for the year	14,246	11,544
Benefits paid	(8,171)	(7,550)
Re-measurement loss on defined benefit plan	2,730	1,215
Ending balance	79,315	70,510

The significant assumptions used in determining employees' end of service benefit for the Group's plan are shown below:

	2022	2021
Discount rate	4.15%	2.40%
Withdrawal rate – for the first two years of service	12.50%	12.50%
Withdrawal rate – third year of service and after	12.50%	12.50%
Future salaries increase - for the first three years	6.65%	4.90%
Future salaries increase - fourth year and after	6.65%	4.90%

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A quantitative sensitivity analysis for significant assumptions on the defined benefit plan is shown below:

	2022	2021
Discount rate		
0.5 % increase	(2,295)	(2,138)
0.5% decrease	2,428	2,267
Withdrawal rate		
10% increase	(1,020)	(1,030)
10% decrease	1,136	1,078
Future salary increases		
1% increase	5,198	4,867
1% decrease	(4,743)	(4,418)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit plans as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analysis may not be representative of an actual change in the defined benefit plans as it is unlikely that changes in assumptions would occur in isolation from one another.

19. LEASES

Leases in which the Group is a lessee

The Group mainly leases vessels, head office and administrative buildings. Information about leases for which the Group is a lessee is presented below:

i. Right-of-use assets

	2022	2021
Balance at 1 January	515,721	151,143
Additions	48,646	473,071
Modifications	(19,456)	-
Depreciation charge for the year	(124,499)	(108,493)
Balance at 31 December	420,412	515,721

ii. Lease liabilities

	2022	2021
Non-current	341,298	397,906
Current	97,069	124,700
	438,367	522,606

iii. Amounts recognised in consolidated statement of profit or loss

	2022	2021
Interest on lease liabilities (note 26)	15,395	13,425
Expenses relating to short-term leases (note 24)	3,878	3,862

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20. TRADE AND OTHER PAYABLES

	2022	2021
Accrued expenses	723,349	365,918
Trade payables	418,364	789,410
Due to related parties (note 28)	165,227	-
Unclaimed dividends	62,770	63,926
Value of sold shares	19,687	19,854
Others	97,148	17,476
	1,486,545	1,256,584

21. ZAKAT AND INCOME TAX

The Group's Zakat is based on the financial statements of the Company and its wholly owned subsidiaries, in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. The Company and its other subsidiaries filed their Zakat and tax returns separately.

The movement in the provision for Zakat and income tax is as follows:

	2022	2021
Opening balance	222,467	224,059
Charge for the year	92,927	58,009
Payments during the year	(59,948)	(59,601)
Ending balance	255,446	222,467

Zakat and tax status of the Parent and its wholly owned subsidiaries

The Company's Zakat is based on the financial statements of the Company and its wholly owned subsidiaries, in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. The Company and its other subsidiaries file their Zakat and tax returns separately.

The Company has filed its Zakat returns up to 2021 and obtained the Zakat certificate for the year 2021.

ZATCA issued the Zakat assessments for the years 2015 to 2017, claiming additional Zakat of SAR 67.8 million despite closing the mentioned years previously through the fast-track initiative. The Company submitted an appeal against the assessment and ZATCA rejected the appeal, accordingly, the Company escalated the appeal to the General Secretariat of Tax Committees ("GSTC"). The Committee for Resolution of Tax Violations and Disputes "CRTVD" has issued its decision in the appeal with partial acceptance. The Company has escalated the appeal to the Appellate Committee for Tax Violations and Disputes Resolution "ACTVDR" and is awaiting their response.

ZATCA issued the Zakat assessment for the year 2018 claiming additional Zakat of SAR 27.9 million. The Company has submitted an appeal against the assessment and ZATCA has partially accepted the appeal and issued a revised assessment which has been escalated by the Company to the GSTC. The CRTVD has issued its decision in the appeal with partial acceptance. The Company has escalated the appeal to the ACTVDR and is awaiting their response. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

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Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

(In thousands of Saudi Riyals)

Zakat and tax status for National Chemical Carriers Company (NCC)

NCC has filed its Zakat returns up to 2021 and obtained the Zakat certificate.

NCC finalized the Zakat status with ZATCA for all the years up to 2012.

NCC has also received the zakat assessment for the years from 2015 to 2017 claiming additional payments of SAR 6.1 million. NCC has submitted an appeal against the assessments and ZATCA has partially accepted the appeal and issued revised assessments which have been escalated by NCC to the GSTC to continue the appeal process till the final decision is released.

NCC has finalized the Zakat status for the year 2018 with ZATCA.

NCC did not receive the Zakat assessments for the years 2013 to 2014 and 2019 to 2021 from ZATCA. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

Zakat and Tax status for Bahri Dry Bulk (BDB)

BDB submitted its Zakat and tax returns up to 2021. BDB has received the Zakat assessment for the years 2015 to 2018 claiming additional payments of SAR 10.7 million. BDB has submitted an appeal against the assessments and further escalated it to the General Secretariat of Tax Committees ("GSTC") to continue the appeal process till the final decision is released. Management believes that adequate provisions have been made against any potential Zakat and tax liabilities.

Zakat and tax status for Bahri Bollore (BBL)

BBL submitted its Zakat/Tax returns for the years up to 2021 and finalized the assessment up to the year 2018 with ZATCA.

22. REVENUE

	2022	2021
Spot	6,208,358	4,161,403
Charter hire	1,531,038	392,030
Freight forwarding	514,351	425,657
Time charter	310,999	340,953
Others	17,834	31,032
	8,582,580	5,351,075

23. OPERATING EXPENSES

	2022	2021
Fuel & lubricants	2,594,757	1,615,064
Ship running expenses	1,343,620	450,809
Depreciation and amortization	1,310,674	1,190,017
Employees' salaries and benefits	695,819	647,794
Ports and agencies charges	550,441	474,750
Freight forwarding expenses	228,255	115,748
Repairs and maintenance	209,981	245,840
Others	270,905	177,954
	7,204,452	4,917,976

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24. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Employees' salaries and benefits	142,114	107,224
Marketing and communication	14,602	14,673
Maintenance	13,162	11,885
Depreciation	10,062	8,696
Professional, legal and consultation fees	9,830	16,008
Rent	3,878	3,862
Others	6,821	3,752
	200,469	166,100

25. OTHER INCOME

	2022	2021
Gains on disposal of property and equipment	159,840	58
Recovered claims	17,045	19,676
Finance income	10,143	1,513
Realized/ unrealized gain from investment in Murabaha fund at FVTPL	1,523	956
Others	8,466	14,262
	197,017	36,465

26. FINANCE COSTS, NET

	2022	2021
Murabaha financing	193,051	98,055
Saudi Riyal sukuk	128,516	68,613
Lease interest	15,395	13,425
Commercial loans	34	279
Derivatives revaluation	(39,588)	(345)
	297,408	180,027

27. EARNINGS PER SHARE

	2022	2021
Profit for the year attributable to equity holders of the Parent Company	1,040,909	192,433
Weighted average number of ordinary shares outstanding during the year	492,188	492,188
Earnings per share - Basic and Diluted (Saudi Riyals)	2.11	0.39

The basic and diluted earnings per share is calculated by dividing the profit of the period for ordinary shareholders of the parent company by the weighted average number of ordinary shares in place during the year. The calculation of the basic and diluted earnings per share for the year ended 31 December 2022 and 31 December 2021 was adjusted retrospectively based on the number of shares issued after the increase of the company's capital shares to 492,188 thousand shares (note 16).

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28. RELATED PARTIES

The Group transacts with related parties in the ordinary course of its activities, as many of the Group's transactions and arrangements are based on signed agreements between the Group and those companies. The balances are unsecured, interest-free, and repayable on demand unless otherwise stated.

The transactions with related parties during the year were as follows:

Related parties	Nature of the transaction	2022	2021
ARAMCO and its subsidiaries - shareholder	Operating revenue	3,529,152	1,878,115
SABIC and its subsidiaries - affiliate	Operating revenue	538,783	311,670
Arabian Agricultural Services Company (ARASCO) - affiliate	Operating revenue	121,717	134,413
International Maritime Industries (IMI) - affiliate	Operating revenue	4,908	-

Related party balances included in trade receivables and contract assets (note 12) is as follows:

	2022	2021
ARAMCO and its subsidiaries	1,312,119	625,550
SABIC and its subsidiaries	36,906	62,817
Arabian Agricultural Services Company (ARASCO)	412	949
International Maritime Industries (IMI)	2,691	-
	1,352,128	689,316

Long-term loan and payables due to related parties are as follows:

	2022	2021
Loan from Public Investment fund (PIF) - shareholder	39,375	102,531
ARAMCO and its subsidiaries	151,152	-
Arabian Agricultural Services Company (ARASCO)	14,075	-
Total (note 20)	165,227	-

Compensation of key management personnel:

	2022	2021
Salaries and compensations - current	19,187	26,035
End of service award - non current	1,697	3,031
Total compensation	20,884	29,066

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29. FINANCIAL INSTRUMENTS

29.1. Financial Assets

	Note	2022	2021
Financial assets at fair value			
Derivatives not designated as hedging instruments:			
CAP commission options	10	46,691	7,103
Financial assets at fair value through P&L			
Investment in Murabaha fund at FVTPL	14	-	188,456
Financial assets at fair value through OCI			
Unquoted equity shares	10	11,899	7,334
Total financial assets at fair value		58,590	202,893
Financial assets at amortized cost			
Other non-current financial assets	10	5,615	28,443
Trade receivables and contract assets	12	2,069,025	1,383,509
Other current financial assets		100,014	293,932
Cash and cash equivalents	15	2,529,358	1,178,269
Total financial assets at amortized cost		4,704,012	2,884,153
Total financial assets		4,762,602	3,087,046

29.2. Financial Liabilities

	Note	2022	2021
Financial liabilities at fair value			
Derivative financial instruments		5,002	8,604
Financial liabilities at amortized cost			
Loans and borrowings	17	9,518,072	9,608,850
Trade and other payables	20	1,486,545	1,256,584
Lease liabilities	19	438,367	522,606
Total financial liabilities at amortized cost		11,442,984	11,388,040
Total financial liabilities		11,447,986	11,396,644

29.3. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in an arm's length transaction. Financial instruments are comprised of financial assets and financial liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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The Group has derivative financial instruments consisting of commission rate options agreements to hedge against fluctuations in commission rates. The gain or loss from revaluation of these agreements is recognized in the consolidated statement of profit or loss (note 26).

The fair value hierarchy is as follows:

	2022			
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
FVOCI - equity instrument:				
Unquoted equity shares	-	-	11,899	11,899
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	46,691	-	46,691
Liabilities	-	5,002	-	5,002

	2021			
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
FVOCI - equity instrument:				
Unquoted equity shares	-	-	7,334	7,334
Financial instruments measured at FVTPL				
Investment in Murabaha fund at FVTPL	188,456	-	-	188,456
CAP commission option				
Assets	-	7,103	-	7,103
Liabilities	-	8,604	-	8,604

Management believes that the fair value of other assets and liabilities approximate to their carrying values.

29.4. Financial Risk Management

The Group's activities expose it to a variety of financial risks, including market risk (comprised of currency risk, price risk and commission rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The financial instruments in the consolidated statement of financial position are comprised primarily of cash and cash equivalents, other non-current financial assets, trade receivables and contract assets, loans and borrowings, trade and other payables, lease liabilities, derivative financial instruments.

Senior management monitors the financial risk management department. The most important types of risk are summarized below:

29.4.1. Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk by dealing with reputable banks and with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-ups.

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The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from governments, semi-government and commercial customers.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - governments, semi-government and commercial.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2022 and 2021:

	Weighted average loss rate		Gross carrying amount		Impairment allowance	
	2022	2021	2022	2021	2022	2021
Less than 6 months	1%	8%	1,948,749	899,158	14,828	73,721
From 6 months to 12 months	6%	7%	82,092	584,280	4,626	38,498
More than 12 months	72%	87%	207,027	94,539	149,389	82,249
Total			2,237,868	1,577,977	168,843	194,468

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. Limits are designed to minimize risk concentration and decrease financial loss through the inability of the counterparty to make the payments.

29.4.2. Liquidity risk

Liquidity risk represents the Group's difficulties in providing funds to meet commitments associated with financial instruments. The Group's liquidity risk management policy is to ensure that sufficient liquidity and financing are available to meet its liabilities when due.

The amounts in the table below represent contractual undiscounted cash flows:

	2022					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	5,618,072	7,107,170	378,701	946,649	4,075,717	1,706,103
Sukuk	3,900,000	5,521,309	115,808	115,808	926,462	4,363,231
Lease liabilities	438,367	481,960	33,310	75,797	296,462	76,391
Trade and other payables	1,486,545	1,486,545	-	1,486,545	-	-
Derivative financial instrument	5,002	5,002	-	-	5,002	-
	11,447,986	14,601,986	527,819	2,624,799	5,303,643	6,145,725

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	2021					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	5,708,850	6,136,554	320,693	936,838	3,676,567	1,202,456
Sukuk	3,900,000	3,900,000	-	3,900,000	-	-
Lease liabilities	522,606	547,818	-	124,700	388,871	34,247
Trade and other payables	1,256,584	1,256,584	-	1,256,584	-	-
Derivative financial instrument	8,604	8,604	824	780	6,145	855
	11,396,644	11,849,560	321,517	6,218,902	4,071,583	1,237,558

The Group has unutilized credit facilities of SAR 1,329 million as at 31 December 2022 (31 December 2021: SAR 2,362 million) to meet liquidity requirements.

29.4.3. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: currency risk, commission rate risk and price risk.

Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried in Saudi Riyal, United States Dollar, and United Arab Emirates Dirham. The Group's management believes that currency risk is not significant since the exchange rate of Saudi Riyal is pegged against those currencies.

Commission rate risk

Commission rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market commission rates. The Group is subject to commission rate risk on its commission rate bearing assets and liabilities, including bank deposits and loans. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. The Group had executed CAP commission options to hedge the fluctuation in the commission rates.

Sensitivity analysis for variable rate financial instruments

The following table demonstrates the sensitivity of income to reasonably possible changes in commission rate on Sukuk and long-term borrowings, with all variables held constant.

	2022	2021
Profit rate		
Increase by 100 base points	95,706	95,644
Decrease by 100 base points	(95,706)	(95,644)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are due to factors related to the instrument or its source, or which affect all instruments traded in the market. The Group diversifies its investment portfolio to manage price risk arising from its equity investments.

29.4.4. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, Sukuk and long-term borrowings, trade and other payables, lease liabilities, less cash and short-term deposits.

	2022	2021
Loans and borrowings	9,570,575	9,661,851
Trade and other payables (note 20)	1,486,545	1,256,584
Lease liabilities (note 19)	438,467	522,606
Less: Cash and cash equivalents (note 15)	(2,529,358)	(1,178,269)
Net Debt	8,966,229	10,262,772
Total equity	11,129,425	9,959,974
Total capital	11,129,425	9,959,974
Capital and net debt	20,095,654	20,222,746
Gearing ratio	45%	51%

30. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group's capital commitment related to ships under construction and the purchase of property and equipment was SAR 199 million as of 31 December 2022 (31 December 2021: SAR 1,207 million).

The Group signed an agreement on 30 May 2017 with Saudi Arabian Oil Company (ARAMCO) and other partners to enter into a partnership for the establishment, development and operation of a maritime yard in Ras Al Khair City named International Maritime Industries Company (IMI). The partners injections will total SAR 2.625 billion (USD 700 million). As of 31 December 2022, the injected capital from the partners was SAR 2.285 billion (USD 609.2 million). The ownership in IMI is as follows; ARAMCO (40.1%), The National Shipping Company of Saudi Arabia (19.9%), Maritime Offshore Limited (Lamprell) (20%), and Korea Shipbuilding & Offshore Engineering Company Ltd (20%). The Group has signed an offtake agreement for at least 75% of its commercial vessel needs over a period of 10 years from the start date of the project, equivalent to 52 vessels, including oil tankers "VLCC" subject to commercial terms and conditions.

Contingencies

The Group has outstanding bank letters of guarantee for SAR 312 million as at 31 December 2022 (31 December 2021: SAR 350 million) issued for the Group's normal course of business.

The Group is involved in legal litigation claims in the ordinary course of business, and there are some claims which are under the process of final settlement. The Group's management does not expect that these claims will have a material adverse effect on the Group's consolidated financial statements.

Operating lease- Group as a lessor

The Group, as a lessor, leases certain vessels to a related party based on time charter agreements (note 1). The future amounts receivable under this lease agreement are as follows:

	2022	2021
Within one year	237,506	294,401
After one year but not more than five years	548,525	777,183
	786,031	1,071,584

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Income from time charter agreements under operating leases amounted to SAR 311 million for the year ended 31 December 2022 (31 December 2021: SAR 341 million).

31. DIVIDENDS

The Board of Directors decided in its meeting held on 28th of January 2021 to recommend to the General Assembly of the Company the distribution of cash dividends of SAR 394 million to the shareholders for the 2nd half of the financial year ended 31 December 2020 amounting to SAR 1 per share. These dividends were paid on 9th May 2021.

The Board of Directors decided in its meeting held on 21st of September 2021 to distribute cash dividends of SAR 394 million to the shareholders for the 1st half of the financial year 2021 amounting to SAR 1 per share. These dividends were paid on 24th October 2021.

32. NON-CONTROLLING INTERESTS

Set out below is summarized financial information for each subsidiary that has non-controlling interests, shown in note 1:

2022	National Chemical Carrier Company Limited	Bahri Dry Bulk	Bahri Logistics (note a)	Total
Non-controlling interest percentage	20%	40%	0%	
Non-current assets	3,939,880	931,673	-	4,871,553
Current assets	669,385	266,596	-	935,981
Non-current liabilities	(2,030,276)	(471,430)	-	(2,501,706)
Current liabilities	(608,398)	(151,645)	-	(760,043)
Net assets	1,970,591	575,194	-	2,545,785
Net assets attributable to non-controlling interests	394,118	230,078	-	624,196
Revenue	2,058,097	296,388	215,047	2,569,482
Profit for the year/ period	374,989	115,503	1,225	491,717
Profit attributable to non-controlling interests	74,997	46,201	490	121,688

2021	National Chemical Carrier Company Limited	Bahri Dry Bulk	Bahri Logistics	Total
Non-controlling interest percentage	20%	40%	40%	
Non-current assets	3,494,479	950,526	584	4,445,589
Current assets	586,375	188,873	160,283	935,531
Non-current liabilities	(1,307,563)	(530,673)	(5,811)	(1,844,047)
Current liabilities	(1,177,540)	(113,754)	(80,676)	(1,371,970)
Net assets	1,595,751	494,972	74,380	2,165,103
Net assets attributable to non-controlling interests	319,150	197,989	29,752	546,891
Revenue	1,174,764	253,485	174,801	1,603,050
(Loss)/ profit for the year	(12,869)	107,280	2,151	96,562
Profit attributable to non-controlling interests	(2,573)	42,912	860	41,199

a) On 18 August 2022, the Group acquired an additional 40% in Bahri Logistics Company (Previously: Bahri Bolloré Logistics Company) increasing its ownership to 100%. Cash consideration of SAR 27 million was paid to the non-controlling interest shareholder. Following is a schedule of additional interest acquired in Bahri Logistics Company:

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	SAR
Carrying value of the additional interest	30,242
Cash consideration paid to non-controlling shareholder	(27,320)
Difference recognized in retained earnings	2,922

33. SUBSEQUENT EVENTS

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as “the Law”) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of By-Laws to the shareholders in their Extraordinary General meeting for their ratification.

In the opinion of the management, except for the above event, there have been no significant subsequent events since the year ended 31 December 2022 that would have material impact on the consolidated statement of financial position of the Group as part of these consolidated financial statements.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has approved the consolidated financial statements for the year ended 31 December 2022 in their meeting held on 22 Sha’aban 1444H (corresponding to 14th March 2023).



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