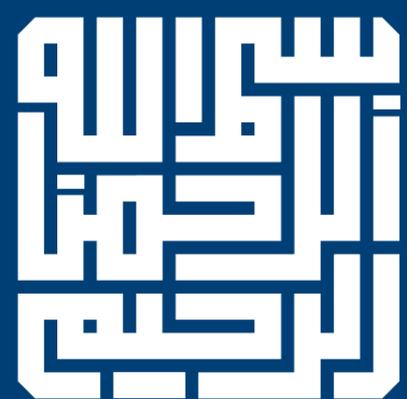


# Navigating Challenges. Investing For Diversification.







**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**

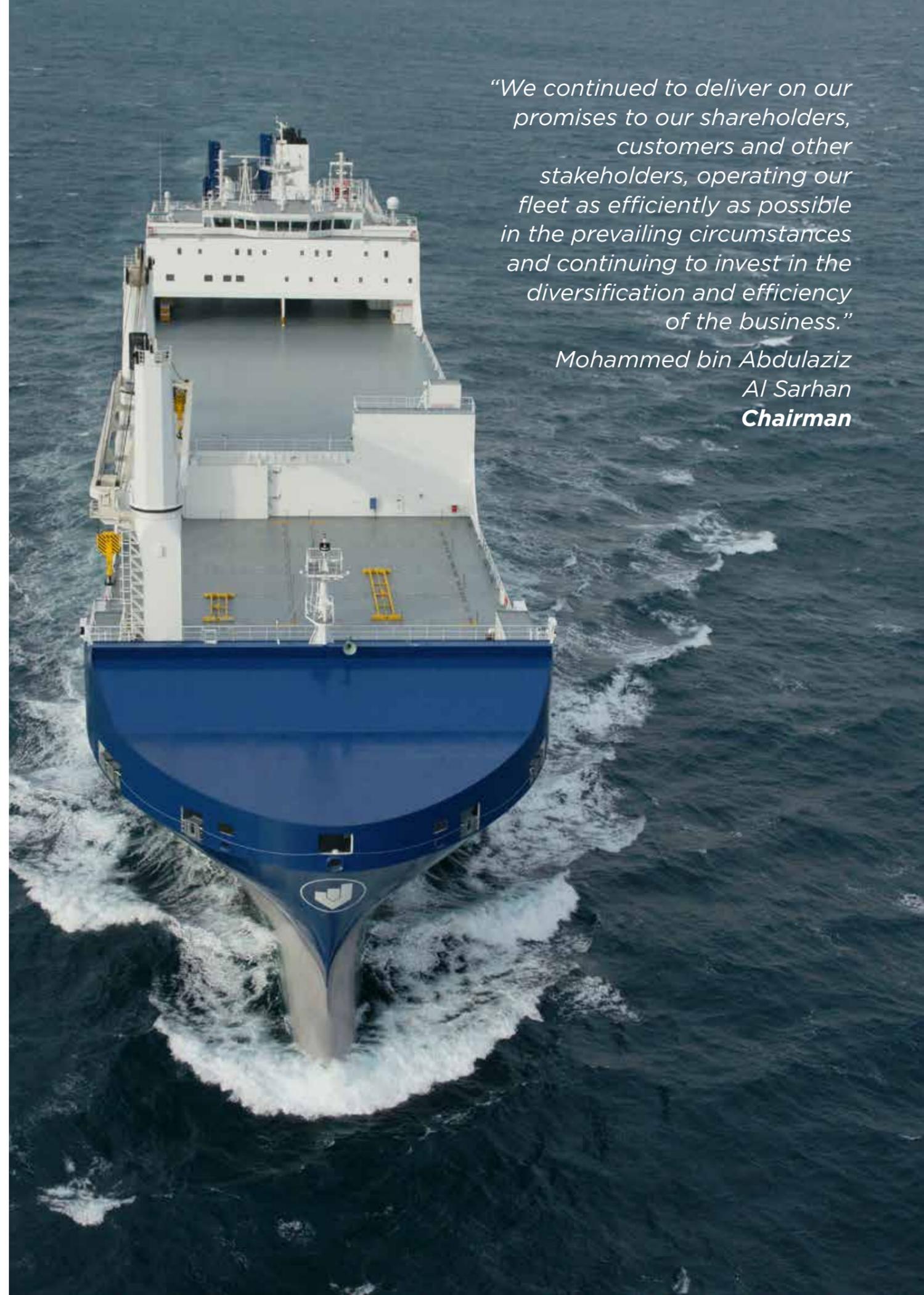
Crown Prince and Vice President of the  
Council of Ministers and Minister of Defense  
and The Chairman of the Council of  
Economic and Development Affairs

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*"We continued to deliver on our promises to our shareholders, customers and other stakeholders, operating our fleet as efficiently as possible in the prevailing circumstances and continuing to invest in the diversification and efficiency of the business."*

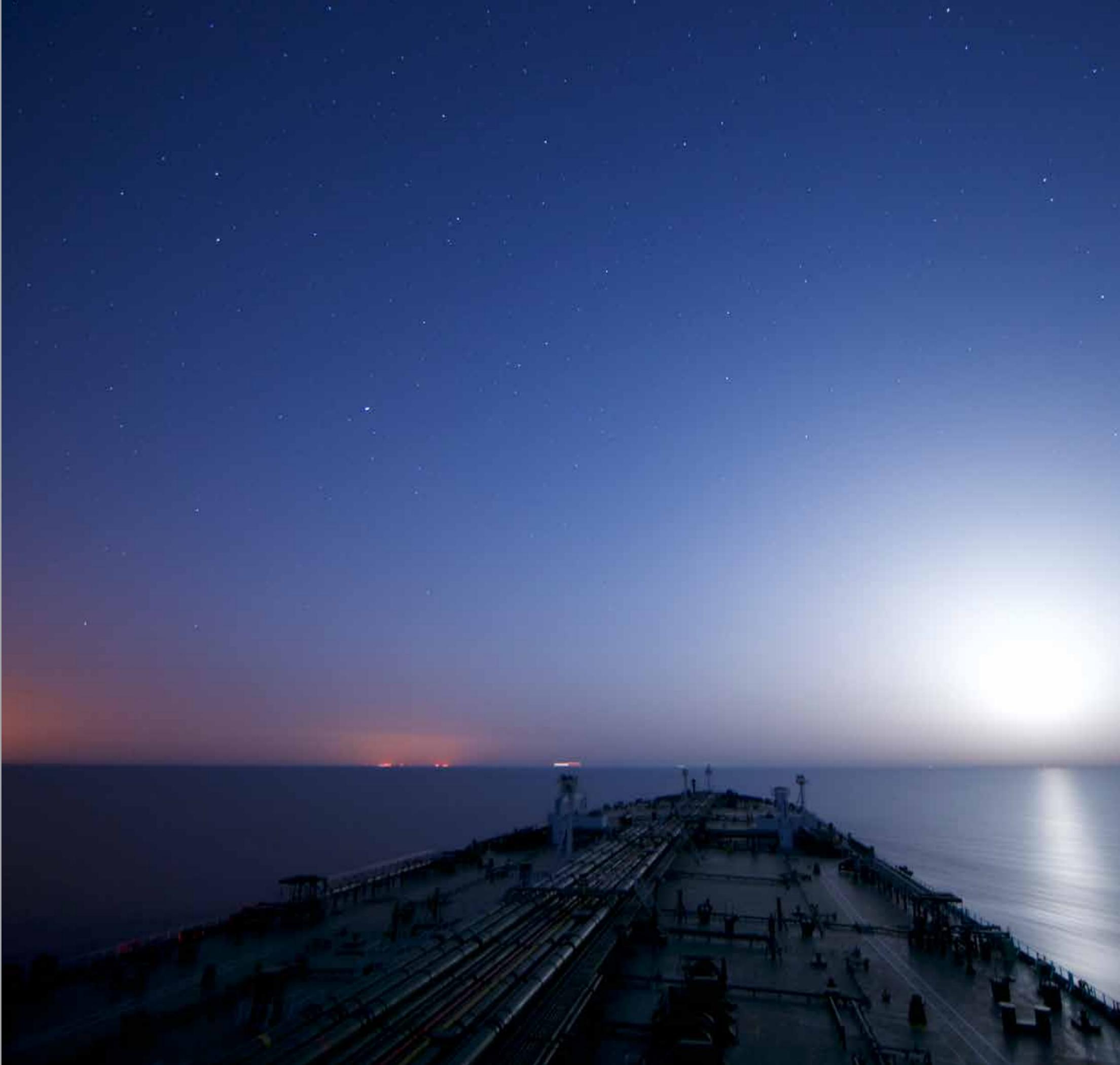
*Mohammed bin Abdulaziz  
Al Sarhan  
Chairman*



# Overview

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# Bahri at a Glance

**SAR 5.4 bn**

Revenue

**SAR 1.5 bn**

EBITDA

**SAR 234 mn**

Group Net Profit

**SAR 21.6 bn**

Assets

## Bahri Chemicals

**28 tankers**

total capacity of 1.3 million DWT

## Bahri Logistics

**253 port calls**

at 43 different ports

## Bahri Oil

**359 voyages**

operated

## Bahri Dry Bulk

**732,000 DWT**

total fleet capacity

**730 million barrels**

of oil transported worldwide

**3 million MT**

aggregate carrying capacity



# Awards 2021

## The Maritime Standard (TMS) Awards 2021

- Ship Manager of the Year Award
- Tanker Operator of the Year Award
- Shipping Company of the Year Award



## 6th Global Good Governance (3G) Awards 2021

- 3G Excellence in Logistics Award
- 3G Excellence in Sustainable Practices Award



## Ministry of Human Resources and Social Development (HRSD)

- Labor Award for Saudization in the Logistics and Transportation Sector



## Seatrade Maritime Awards 2021

- Safety & Quality Award
- Education & Training Award
- Personality of the Year



## India Maritime Awards 2021

- Best Shipping Line of the Year Award



## International Business Magazine Awards 2021

- Best Logistics Solutions Provider Saudi Arabia
- Best Treasury Management Company Saudi Arabia



## ShipTek Awards 2021

- Ship Operator of the Year Award



## GCC GOV HR Award 2021

- Organization of the Year for Youth Empowerment Award



## MALA 2021

- Shipping Line of the Year Award under the Multipurpose Vessel Operator Category



# 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 393,750,000 shares as of 31st December 2021.

*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



### 47 tankers

- 42 VLCCs operating in the spot market
- 5 Clean Petroleum Products (CPP) tankers

## Bahri Chemicals



Operated by National Chemical Carriers Limited Company (NCC), a subsidiary 80% owned by Bahri. NCC owns 28 chemical tankers with 10 newbuilding to be delivered during 2022/23 and operating as follows:

- 20 IMO2 MR tankers in the spot market
- 2 IMO 2 MR and 1 IMO2 LR tankers chartered to International Shipping and Transportation Company, a subsidiary of Saudi Arabia Basic Industries Company (SABIC)
- 5 Product tankers chartered to Saudi Aramco Trading
- 9 IMO2 MR tankers to be delivered during 2022
- 1 IMO2 MR tanker to be delivered during 2023

## 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 serve and operate as a maritime and aviation agent, a shipping intermediary as well as charter ships and airplanes via Bahri Bolloré Logistics, a subsidiary 60% owned by Bahri.

## Bahri Dry Bulk



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

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

## 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



# Subsidiaries and Sister Companies

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	C-Corporation	100%
Mideast Ship Management Ltd.	Based in Dubai, UAE, and operates around the world	Ship technical management	307	Limited Liability Company	100%
National Chemical Carriers Company	Based in Riyadh, and operates around the world	Petrochemicals Transportation	610,000	Limited Liability Company	80%
Bahri Dry Bulk Company	Based in Riyadh, and operates around the world	Dry-Bulk Transportation	200,000	Limited Liability Company	60%
Bahri Bollore Logistics	Based in Riyadh, and operates around the world	Logistics Services	30,000	Mixed Limited Liability Company	60%
Petredec Limited	Based in Singapore, and operates around the world	LPG Transportation	131,250	Mixed Limited Liability Company	30.30%
International Maritime Industries	Based and operates in Ras AlKhair, Kingdom of Saudi Arabia	Maritime Industries	1,590,750	Mixed Limited Liability Company	19.9%
Bahri Bunge Dry Bulk*	Based in Dubai, UAE, and operates around the world	Dry bulk shipping	18,750	Limited Liability Company	36%
National Grain Company	Based in Riyadh, and operates around the world	Packing and storage of grain	50,000	Limited Liability Company	50%

\* On 31 March 2020, the partners of Bahri Bunge dry bulk DMCC resolved to liquidate Bunge. On 18 May 2021, the liquidation process as completed and accordingly Bunge has been dissolved.



# Year in Review

*We are honored that Bahri was selected in 2021 by the Saudi Government to become a Global Champion, as part of a program to help Saudi companies accelerate their growth and international expansion*

## JAN

Bahri Ship Management received **ISO 45001 certification** for occupational health and safety.

## FEB

Bahri Logistics participated in the 4th edition of the **Naval Defense and Maritime Security Exhibition (NAVDEX 2021)**, demonstrating their state-of-the-art technology and equipment.

## MAR

Bahri Chemicals concluded a long-term time charter agreement with **UACC for 10 IMO2 MR chemical tankers**.

## MAY

Bahri won '**3G Excellence in Logistics**' and '**3G Excellence in Sustainable Practices**' Awards at 6th Global Good Governance (3G) Awards 2021

Bronze Award for '**Best Visual Identity for the Transport and Logistics Sector Category**' at the Transform Awards MEA 2021

## JUN

Bahri was named "**Ship Operator of the Year**" at the ShipTek Awards.

**Bahri advanced 36 spots** on Forbes Middle East's list of the top 100 companies for 2021, reaching the 40th position this year.

Bahri was named '**Best Logistics Solutions Provider Saudi Arabia**' and '**Best Treasury Management Company Saudi Arabia**' at International Business Magazine Awards 2021

## JUL

Bahri Ship Management joined the **International Ship Suppliers & Services Association (ISSA)** as an honorary member.

## AUG

Saudi Arabian Military Industries (**SAMI**) signed a **logistics services agreement with Bahri**, to support defense logistics localization.

## OCT

Bahri was ranked 7th in the region in Forbes Middle East's list of "**10 Biggest Logistics Companies in MENA**".

Bahri Receives **Prestigious Recognition for Excellence in Youth Empowerment** at the GCC GOV HR Awards 2021.

Bahri **expanded its VLCC fleet to 42** with the addition of its first 'gas ready' vessel, named '**Rayah**'. The construction of the vessel marks the successful completion of IMI's first VLCC project.

Bahri **bagged Best Shipping Line of the Year Award** at India Maritime Awards 2021.

*By managing our expenses through carefully applied cost reductions and synergies, whilst achieving efficiencies across our operations, Bahri remained profitable despite these extremely negative headwinds*

## NOV

Bahri earned **3 prestigious awards** at The Maritime Standard Awards (TMS) and **1 award at the All India Maritime and Logistics Awards (MALA)**.

## DEC

Bahri demonstrated its industry leading maritime capabilities by **winning 2 top honors at the 18th Seatrade Maritime Awards Middle East 2021**.

Bahri earned **Labor Award for Saudization in the Logistics and Transportation Sector** from the Ministry of Human Resources and Social Development (HRSD).

# Strategic Review

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# Where 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 that 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 have joined this journey in 2004 and now Bahri is currently 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

## Navigating challenges. Investing for diversification.

*Throughout 2021, Bahri continued to drive change across the Company propelled by our diversification strategy, whilst meeting our commitments to our shareholders, customers and national stakeholders as a key player in Saudi Arabia's efforts to transform the Kingdom into a regional logistics hub.*

Mohammed bin Abdulaziz Al Sarhan  
Chairman



The ongoing impacts of the COVID-19 pandemic on the global shipping industry continued to present substantive negative headwinds for Bahri during 2021, particularly in the form of delays in ports, extensive quarantines and crew safety procedures.

Nevertheless, we continued to deliver on our promises to our shareholders, customers and other stakeholders, operating our fleet as efficiently as possible in the prevailing circumstances and continuing to invest in the diversification and efficiency of the business.

### Supporting the Kingdom's Vision

With a vital role to play in the realization of the goals of Saudi Vision 2030, Bahri is strategically aligned with the national priorities of the Kingdom, driving investment in integrated logistics solutions as well as our core oil, dry bulk and chemical transportation capabilities.

The 5 pillars of our 2022 Strategy, which will drive our expansion and diversification envisions growth in our existing markets whilst expanding to become the Kingdom's leading logistics solutions provider, launching new businesses in non-maritime segments and creating added value for our customers and stakeholders through strategic partnerships.

This strategy is closely aligned with the National Industrial Development and Logistics Program, which aims to transform the Kingdom into a competitive global logistics hub by improving infrastructure, transport networks, and land, sea and airports; and the goals of Vision 2030 to increase the share of non-oil exports and raise the Kingdom's global ranking in the Logistics Performance Index from 49 to 25.

We are honored that Bahri was selected in 2021 by the Saudi Government to become a Global Champion, as part of a program to help Saudi companies accelerate their growth and international expansion. The program involved an intensive 12-week period of meetings and workshops across the business to identify areas and specific enablers for growth, and we are currently working with the Global Champion Program to review and approve the final recommendations of this process.

Reflecting our important role in the Saudi shipping and logistics sectors, Bahri is also engaging in the Shareek Investment Program, which aims to facilitate foreign direct investment through government and private sector collaboration, and increase the private sector's contribution to GDP by 65% by 2030.

### Accelerating our Digital Transformation

Our new digital strategy highlights key focus areas in which Bahri can generate competitive advantages through the utilization of technology.

Digitalization has become a major differentiating factor in the maritime and logistic industries, and is a key enabler of profitability and sustainability. The value proposition of the strategy is to support sustainable growth through real-time monitoring, scalability and data-driven knowledge.

This digital transformation plan is designed based on Bahri's unique business requirements, and will empower Bahri's commercial and support functions to improve operational efficiencies, increase revenues and reduce costs.

### Progressing our ESG Journey

Bahri is committed to achieving the highest possible standards of sustainability across our business lines, and we base our related targets on the Kingdom's commitments to the common objectives of the United Nations' Sustainable Development Goals (SDGs).

We have worked to incorporate elements of all 17 SDGs into our programs and management systems, with a special focus on 7 selected goals upon which we have the greatest impact – SDG Goals on Quality Education, Gender Equality, Decent Work and Economic Growth, Reduced Inequalities, Sustainable Cities and Communities, Climate Action and Life Below Water.

These 7 goals directly inform our sustainability strategy and framework, which aims to position Bahri as a responsible and sustainable business by reducing our greenhouse gas emissions by 50% by 2050, ensuring the physical welfare and mental wellbeing of our people, and making meaningful contributions to society through the application of asset-based community development (ABCD).

Bahri also aims to empower women in the workplace, by increasing their representation in our workforce by 37% – a goal that also reflects the objective of Saudi Vision 2030 to increase female participation in the workforce from 22% to 30%.

### 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 for our industry and the broader economy in these challenging times.

I also wish to express my appreciation to Board members for their perceptive oversight, to our loyal customers for their continued support, as well as to our Executive team and employees for their hard work and dedication throughout 2021.

Thanks to their combined efforts, Bahri is well positioned for further growth and success in the future, as we continue to create value and shared prosperity by connecting economies through world-class global logistics solutions.



# Theme of the Year

**Navigating challenges.  
Investing for diversification.**

Building on the strength and resilience of over 4 decades as the Kingdom's logistics leader, Bahri successfully navigated the most challenging market environment in decades, while executing our strategy with focus and determination to support our customers, maintain profitability and invest in diversification.

## Exceptional performance

Continuing to drive positive change in another exceptional year, we grew our fleet and operated with increasing efficiency, automation and safety to outperform the market and deliver on our commitments as a trusted service provider and partner, operating to world-class standards.

## Accelerating global logistics solutions

Leveraging our core strength and unique value proposition, we are now ideally positioned to grow into complementary business areas to better support our customers, smooth out business cycles, and contribute to the Kingdom's Vision, creating a robust foundation for accelerating growth in global logistics solutions and sustainable value creation for all our stakeholders in the years ahead.



# Chief Executive Officer's Message

## Executing our strategy to outperform the market

*Throughout 2021, Bahri continued to navigate the exceptionally challenging business landscape to deliver on our promises to our stakeholders, whilst investing in our ongoing diversification to build the strong foundations for growth and increasing returns going forward.*

Abdullah Aldubaikhi  
Chief Executive Officer



Following an exceptional year of performance in 2020, Bahri faced considerable obstacles to our business throughout this year. The ongoing fallout from the COVID-19 pandemic in 2021 placed unprecedented pressure on the global shipping and logistics industry, and while the container industry has seen a significant boost, the global tanker industry has experienced its worst performance in 30 years, leading to significantly depressed results.

Nevertheless, we continued to execute our robust strategy, leveraging our fit-for-purpose business model and organizational structure – which remained unchanged in 2021 – to outperform our market and competitors in a dynamically complex and cyclical industry.

By managing our expenses through carefully applied cost reductions and synergies, whilst achieving efficiencies across our operations, Bahri remained profitable despite these extremely negative headwinds.

### Our Performance in 2021

Revenue for 2021 fell to SAR 5.4 billion from SAR 8.4 billion in 2020, whilst EBITDA stood at SAR 1.5 billion and the group net profit at SAR 234 million, compared to SAR 2.9 billion and SAR 1.6 billion, respectively, in 2020.

The significant drop in performance in 2021 was driven by the significant decrease in revenues from the oil sector owing to a decline in global shipping rates and operations. Nevertheless, the decrease in zakat and income tax and financing expenses, as well as an increase in bunker subsidy and other income, served to reduce the impact of this decline.

The group net profit fell by 86% from SAR 1.6 billion in 2020 to SAR 234 million in 2021, mainly as a consequence of the reduction in profits from the group's share of investments in associate companies. However, this drop was cushioned by improved performance in the logistics and dry bulk shipping sectors.

Our dry bulk business, operated through Bahri Dry Bulk, our joint venture with Arabian Agricultural Services Company (ARASCO), achieved highly positive results in 2021 with a revenue of SAR 253 million, up 85% from 2020.

Having faced the longest sustained period of global industry wide underperformance for 30 years, our chemicals and crude oil shipping businesses saw notable decreases in volumes for 2021. VLCC volumes carried by Bahri Oil totalled 2 million barrels per day (mb/d) in 2021, compared to 2.2 mb/d in 2020, while the total cargo volume carried in 2021 by Bahri Chemicals fell to 6.9 million tons (MT), from 7.13 MT in 2020.

### Delivering Strategic Diversification

Bahri continued to drive change across our business through our ongoing program of strategic diversification to reduce the cyclicity of our business by adding capacities and infrastructure in the areas of logistics, water desalination, dry bulk, and grains.

In 2021, we received the first of 3 floating water desalination stations for supplying desalinated water from floating mobile stations to the tanks of desalination plants, and initiated construction of our new dry bulk terminal, which is due for completion by the end of 2022.

Our diversification plans reflect the goal of Saudi Vision 2030 to establish the Kingdom as a global logistics hub, whilst building on our existing core capabilities as Saudi Arabia's national shipping company by expanding into complementary areas and minimizing our dependence on the oil shipping segment.

### Bahri's Ongoing Digital Transformation

Following the approval by the Board of Bahri's new digital strategy, we intend to leverage advances in data analytics, digitization, and automation to streamline our business and achieve increasing efficiencies across our various operations going forward.

In particular, Bahri's growth strategy requires an efficient data ecosystem to provide a competitive advantage and achieve its growth objectives. Therefore, a project is underway to establish the Bahri Data Orchestration Platform to harmonize and align Bahri's multiple data systems as a single resource.

The platform will receive, store, and prepare a range of data sources to provide powerful insights and create a predictive analytics environment. Through a 3 phase development approach, data from source systems will be extracted to a cloud-based Data Orchestration Platform that will be used for predictive analytics and strategic insights.

### Supporting our People and our Environment

The health, safety and security of our people remains a key priority for Bahri, and an aspect of our operations in which we accept no compromise.

Bahri's HR division worked throughout 2021 to minimize the ongoing impacts of the global pandemic on our workforce. Specific initiatives undertaken during the year included the establishment of our People Committee, tasked with positioning the health and safety of our employees as a top priority across the business. The goals of the new committee reflect our corporate values – particularly the need to adequately gather and respond to employee concerns.



HR continues to develop future-ready policies to deal with emerging crises, and to refine our development strategies to reflect business continuity planning, whilst also enhancing transparency and accountability by engaging our people through more efficient communications.

Bahri continues to be rated as one of the best companies in our sector for HSE performance, with rolling lost time injury frequency (LTIF) and total reportable case frequency (TRCF) values for our Ship Management's fleet remaining well below benchmark averages issued by the Informal Tanker Operators' Safety Forum (IOTSF).

Our fleet also consistently outperforms industry averages in major oil vetting inspections, which are based on the Oil Companies' International Marine Forum (OCIMF) Ship Inspection Report Program (SIRE) inspection format. We also continue to excel in Port State Control inspections around the world, which measures compliance against the requirements of international regulations.

Bahri is equally committed to supporting the efforts of the Kingdom and the global community to drive down emissions and eliminate resource waste through a variety of innovative approaches applied across our operations.

To this end, in 2021 we installed water treatment plants in our vessels to reduce waste. The new Ballast Water Treatment System (BWTS) removes and destroys biological organisms such as zooplankton, algae, and bacteria from ballast water, to reinforce our compliance with requirements of the Ballast Water Management Convention. As of end-2021, our BWTS fitted fleet comprised 23 VLCCs (with the remaining VLCCs scheduled for installation in the coming years); 8 Dry Bulk RoCons and 4 BOT product vessels; 13 chemical tankers (with 6 more planned in the coming year); and 6 RoCon vessels.

#### **Bahri in 2022**

As we look ahead to 2022, Bahri will continue with its strategic diversification journey by conducting a number of financial and organizational restructuring initiatives to secure our growth trajectory and align

our entire business with internationally recognized industry best practices.

Bahri will also continue to proactively explore strategic M&A opportunities in 2022, in line with our diversification strategy.

We expect a strong rebound in results in 2022, with shipping rates for oils and petrochemicals projected to rise from Q2 onwards, and as global demand growth recovers throughout the year to lift our market.

As well as leveraging our digital transformation through the implementation of the Data Orchestration Platform, we will continue to seek out and develop opportunities for further digitization and automation to enhance our operational efficiency and performance.

Bahri will also maintain the momentum of our ongoing infrastructure projects, which represent a major aspect of our contribution to the realization of Saudi Vision 2030 to transform the Kingdom into a global trade and logistics hub.

These projects include Bahri's new bonded zone project in Jeddah Port. Due for completion in 2022, the project will offer our global clients integrated bonded zone warehousing, distribution, and e-commerce solutions for both importers and exporters, whilst also generate more than 1,500 national jobs.

#### **Acknowledgements**

In what has been a turbulent and challenging year for our company, and our industry as a whole, I wish to express my gratitude to our Board for their oversight and guidance, as well as to our investors and other stakeholders for their continued trust.

I also wish to thank the Government for its visionary leadership and enduring support for our industry and the people of the Kingdom during these uncertain times, and our dedicated employees for their exceptional commitment to our goals and values throughout 2021.



# Business Model

Our business model is structured 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
- Financial capital in the form of cash, financing facilities and equity
- 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

**GLOBAL  
LEADER**  
IN LOGISTICS AND  
TRANSPORTATION



# 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 2021, despite the ongoing global public health crisis. Growth and diversity are key pillars that drive the business and its operations, and the Company has made significant progress in the past year towards driving significant change to both a number of processes and the 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.

Continuing our strategic aim of diversifying and growing our business and sources of income, Bahri continues 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, in 2022, Bahri will enter a new business, 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.

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 International Maritime Industry (IMI) 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 include 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. 2021 has seen a shift in market dynamics that have the potential to remain for an indefinite amount of time, so we are taking the initiative to invest in and create innovative new ways of doing business and optimizing 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 tap 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

*Our aim is to ensure Bahri's business sustainability and growth, in current and adjacent businesses, and promote diversification.*

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.

As such, 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.

As an example, 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 process and measures it through customer surveys conducted regularly for all its services and units.

On process KPIs, examples 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.



## Financial

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



## Customer

- Quality process
- Customer surveys for services and units



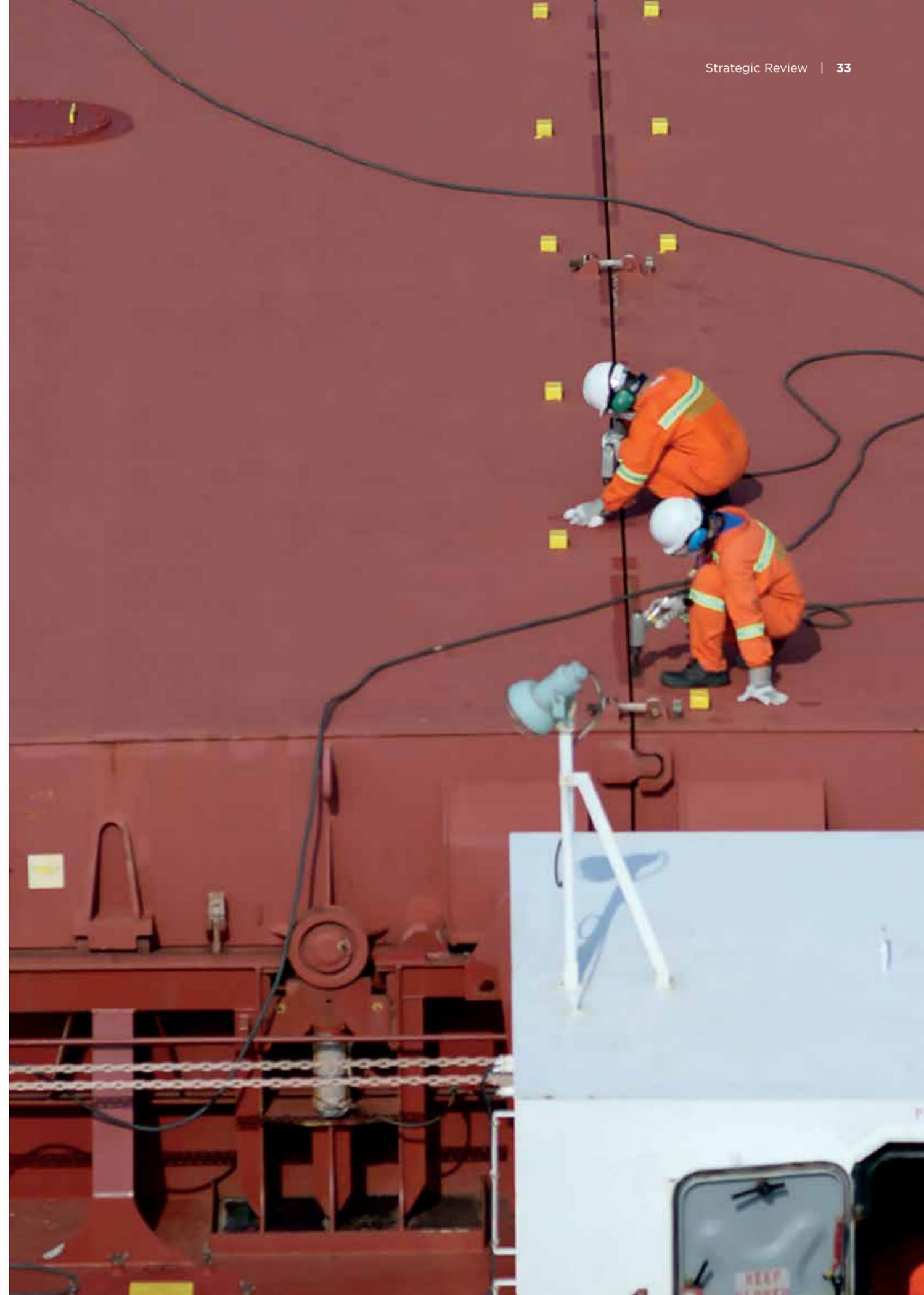
## People and Environment

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



## Processes

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



# Chief Financial Officer's Review

## Performance for 2021

### Financial Results in Summary

In 2021, the shipping market seemed to stabilize, but the year still proved to be rather challenging. After an exceptional year in 2020, we have faced many challenges during 2021 due to a drop TCE compared with the year prior. In 2020, the highly order increase was due to low oil prices and high production rates, which led to recording high revenue and earnings for the year. In 2021, oil prices went up, COVID-19 vaccination rates increased, pandemic-related restrictions were loosened, and the economy experienced growth, which resulted in the global petroleum demand rising faster than petroleum supply with the highest price at USD 86/b. This affected the TEC rate, leading to lower freight rates and market demand. Q4 2021 was the best performance during year due to high TCE rates in most of the Business Units (Oil, Chemical and Dry bulk). On the other hand, Bahri Dry Bulk added four vessels, while Bahri Oil received a new vessel during the year named RAYAH, which was built by the International Maritime industry (IMI).

### Bahri Group's financial performance

Bahri Group recorded a profit before Minority of SAR 234 million in FY 2021, versus SAR 1.6 billion in FY 2020.

Bahri Oil recorded a profit before Zakat and tax of SAR 227 million, as compared to SAR 1.7 billion in FY 2020. The fluctuation in results were mainly due to an increase bunker cost, voyage expense and dry-docking cost increases in 2021. Moreover, the TCE dropped from USD 56.1 thousand in 2020 to USD 27.5 thousand in 2021.

Bahri Chemicals underperformed and closed the year with a net loss before Zakat and tax of SAR 5.3 million comparing with a profit of SAR 91.4 million in 2020, mainly due to bunker cost increase, charter hire, dry docking days and voyage expenses.

Bahri Logistics' net profit before Zakat and tax (including Bahri Bollore) was SAR 13.9 million in 2021,

compared to SAR 51 million loss before Zakat and tax in 2020, due to recovery after COVID-19 ports' restriction.

Bahri Dry Bulk recorded a significant profit before Zakat and tax of SAR 107 million compared to SAR 41 million in 2020, as four vessels were added to the fleet and the TEC rate increased significantly to reach USD 19 thousand in 2021 comparing to an average of USD 16 thousand in 2020.

In 2021, income from associates profited SAR 47 million (compared to SAR 97 million in 2020). These are from Petredec Group with amount of SAR 124 million, loss with an amount of SAR 70 million from IMI and SAR 6 million from Natural Grain Company.

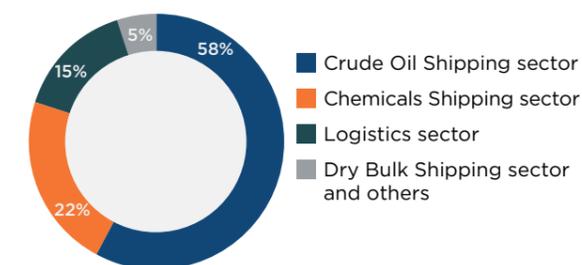


### Operating results:

(SAR '000)	2021	2020	Change amount	% change
Revenues	5,351,075	8,393,001	(3,041,926)	(36%)
COGS	(4,794,580)	(6,271,131)	1,476,551	(24%)
Gross profit	556,495	2,121,870	(1,565,375)	(74%)
Net operating income (expense) - others	36,465	(20,043)	56,508	(282%)
Net general and administration expenses - others	(168,132)	(235,407)	67,275	(29%)
Operational profit	424,828	1,866,420	(1,441,592)	(77%)

### 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	3,102,459	58%
Transportation of chemicals	1,174,764	22%
Logistics	808,805	15%
Transportation of dry bulk & others	265,047	5%
<b>Total</b>	<b>5,351,075</b>	<b>100%</b>

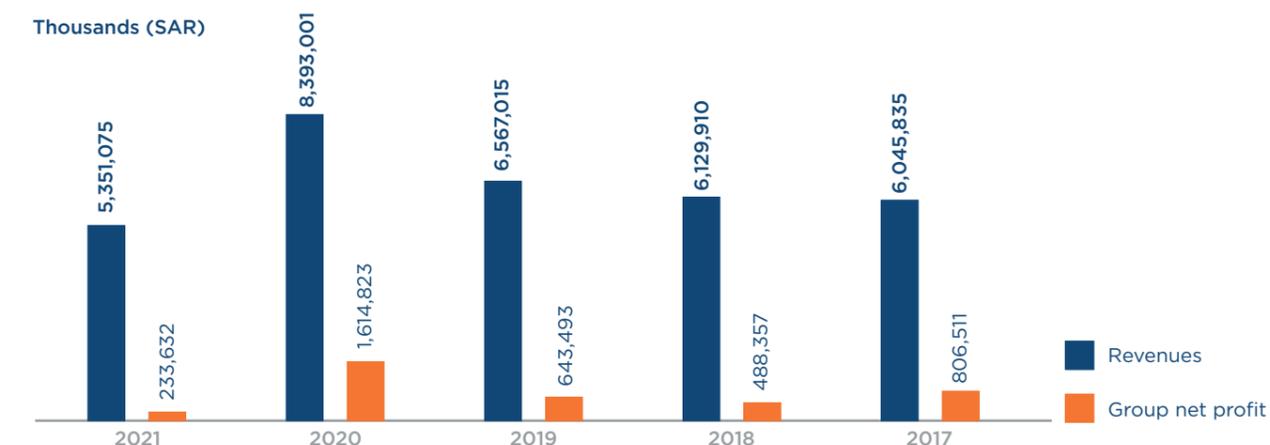


### The Company's assets, liabilities, and business results for the last five financial years:

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 results, assets and liabilities for the previous five fiscal years:

### Business results:

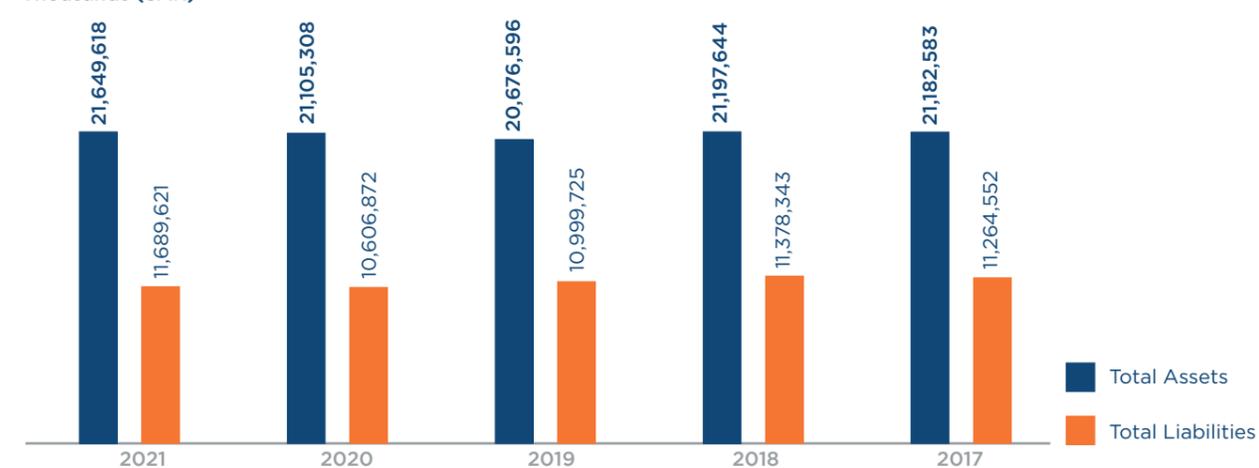
(SAR'000)	2021	2020	2019	2018	2017
Revenues	5,351,075	8,393,001	6,567,015	6,129,910	6,045,835
COGS	(4,794,580)	(6,271,131)	(5,140,018)	(4,882,927)	(4,725,154)
Gross profit	556,495	2,121,870	1,426,997	1,246,983	1,320,681
<b>Group net profit</b>	<b>233,632</b>	<b>1,614,823</b>	<b>643,493</b>	<b>488,357</b>	<b>806,511</b>



**Assets and liabilities:**

(SAR '000)	2021	2020	2019	2018	2017
Current assets	3,891,740	3,907,212	3,737,763	3,320,796	3,561,802
Non-current assets	17,757,878	17,198,096	16,938,833	17,876,848	17,620,781
<b>Total assets</b>	<b>21,649,618</b>	<b>21,105,308</b>	<b>20,676,596</b>	<b>21,197,644</b>	<b>21,182,583</b>
Current liabilities	6,664,581	2,371,931	2,456,153	2,072,058	2,002,265
Non-current liabilities	5,025,040	8,234,941	8,543,572	9,306,285	9,262,287
<b>Total liabilities</b>	<b>11,689,621</b>	<b>10,606,872</b>	<b>10,999,725</b>	<b>11,378,343</b>	<b>11,264,552</b>

Thousands (SAR)

**Loans:**

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	9,661,851
	International Banks, Local Banks & Public Investment Fund	6,057,100	10	453,543	3,685,560	
	International Banks & Local Banks	912,500*	-	-	-	
Bahri Chemical	International Banks, Local Banks & Public Investment Fund	3,829,500	10	238,248	1,397,934	9,661,851
	Local Banks	100,000*	-	-	97,500	
Bahri Dry Bulk	Local Banks	810,000	10	50,315	580,857	9,661,851
	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 scale 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 90 multi-purpose vessels, including VLCCs, chemical and product tankers, general cargo vessels and dry bulk carriers.
- Ranked 7th in the region in the Forbes Middle East List of the 10 biggest logistics companies in MENA and ranked 40th on the top 100 list in 2021.



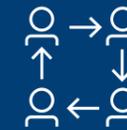
## Fully Aligned with Saudi Vision 2030 and NIDLPG Goals:

- 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.



## 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.
- Four decades of solid growth and value creation for our shareholders.



Four decades of solid growth and value creation for our shareholders



# Case Study: Success Story

## Bahri Ship Management

### Coping and Cultivating Resilience during COVID-19

One of the fundamental challenges faced by the businesses and companies today is the COVID-19 pandemic. Like any other industry, the shipping industry was impacted too.

However, Bahri Ship Management (BSM) has been able to sail through with flying colors. With unlimited support from our management, BSM grew and gained profits amid the pandemic.

#### The Hidden Costs of Success

COVID-19 expenses reached USD 8 million in 2021, up from USD 4.3 million in 2020.

BSM, as the backbone of Bahri's business units, has contributed to business continuity in the following ways:

#### Manpower and Support

The operations team was given full support from the top management of the Company in various ways, including:

- Providing options to work remotely
- Providing overtime to involved office staff
- Increasing operation manpower
- Organizational restructuring and hiring temporary staff to absorb the workload caused by the pandemic

#### Crew Support Operations = Running Fleet

Management focused on fleet operation during 2021, and to help keep the ships operating, various options were explored to relieve the crew, such as:

- Sourcing additional and extra manning agencies
- Sourcing one of the biggest manning agencies in the Philippines
- Sourcing a direct-hire crew
- Sourcing crew from new nationalities such as Vietnamese
- Announcing vacancies worldwide
- Utilizing intensive psychometric assessments during employment
- Extending contracts of the crew on board
- Launching an intensive bonus scheme for crew members who stayed beyond their contracts
- Temporarily easing the Company's requirements to support the crew
- Running mental health campaigns, helplines, and training
- Providing free calling cards and internet to the crew
- Arranging social activities on board
- Providing COVID-19 PPE to the crew
- Providing COVID-19 tests and quarantine support to the crew
- Providing COVID-19 vaccines whenever available
- Including COVID-19 medical cases under insurance coverage
- Reviewing and benchmarking the wage scales against the market
- Reviewing crew T&Cs
- Conducting virtual officers' conferences

#### Communicate! Communicate! Communicate!

As part of the strategic communication, the management ensured a consistent and transparent flow of communication with its employees and customers through various means, including:

- CEO's communication message
- BSM's President message
- Daily FPD messages to the fleet
- Close engagement from office staff with the vessel's crew during The Day of Seafarers
- Conference calls with the vessels
- Communication with the crew families

#### Travel Restrictions

The Company implemented the best resources to achieve maximum travel optimization by utilizing:

- Opportunities to challenge the charterers and deviate the vessels to carry out crew change
- Various travel agencies
- New routes and connecting flights
- Evacuation and chartered flights
- Extra manpower for crew travel

#### Fleet Expansion

As BSM receives 1 VLCC, Bahri is determined and ready for the more successful journey in times to come.



# Corporate Communications

*At Bahri, the Corporate Communications Department (CCD) plays a key role in ensuring that our clients, shareholders, employees and crews are provided with accurate and transparent information through internal and external communications.*

The department also promotes the Company's corporate reputation and enhances its general perception to strengthen and safeguard its leadership position in the maritime industry. It also highlights Bahri's brand identity and its unique national role, as well as the value it delivers to its stakeholders at the local, regional and global levels. The department accomplishes this through Bahri's established capabilities, locally-sourced talents and technical excellence.

Bahri considers transparency the most important aspect of stakeholder communications. We ensure that only the most accurate and up-to-date data and information are included in our websites, social media pages, employee communications, press releases, publications, etc. We adopt deliberate measures to improve the world around us, in line with our commitment to safeguarding the wellbeing of the environment and the communities in which we operate. We would never cut corners or take shortcuts when it comes to communicating things that matter.

*We adopt deliberate measures to improve the world around us, in line with our commitment to safeguarding the wellbeing of the environment and the communities in which we operate.*

## Internal and External Communications Initiatives

Like every year, our team served all of Bahri's business units and support functions in 2021 by providing them with the best communication services. We had the opportunity to manage various external events, including the IMO event and several Board of Directors meetings, as well as high-level meetings and high-profile visits.

As part of the initiatives under our vibrant internal communications system, we conducted 20 surveys and 1 contest among Bahri's employees in 2021. We issued more than 160 internal messages on various topics relevant to employees. We also organized more than 12 internal events to mark important global days, including International Women's Day, Day of the Seafarer and World Maritime Day.

The CCD played an important part in publishing Bahri's Annual Report for 2020, besides regularly updating the website content, intranet and social media pages. The department also launched various campaigns and activities aimed at enhancing employee engagement.

## Social Media Campaigns

We made full use of our social media channels and leveraged the department's expertise to achieve continuous engagement with various stakeholder groups and the general public. We launched several Twitter and LinkedIn campaigns to make major announcements, celebrate key milestones, share insights and create awareness on various issues. Bahri's social media channels saw significant growth in follower base and engagement in 2021. Our LinkedIn channel recorded a noteworthy increase of more than 24% in the number of followers organically.

## Media Relations

The past year witnessed a remarkable increase in our media engagement, which maximized press coverage for our events and announcements and enhanced our overall brand image and reputation. We disseminated more than 25 press releases, including 10 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 2021 by the ongoing effects of the COVID-19 pandemic. As a result, 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 vs 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 2021

With the ongoing effects of the COVID-19 pandemic carrying over into 2021, it continued to be important for Bahri to proactively identify and address opportunities as they came 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 process across the business, the Company prioritized risk awareness and training to reduce this gap in our risk framework, and we have since trained over 400 of our office based staff.

Since Bahri introduced its annual risk report which has since grown into an important reporting initiative for the Company, becoming 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 2021.

## Maturing our Business Continuity Capability

We have also sought to capture our lessons learned and best practice during 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 2021 we:

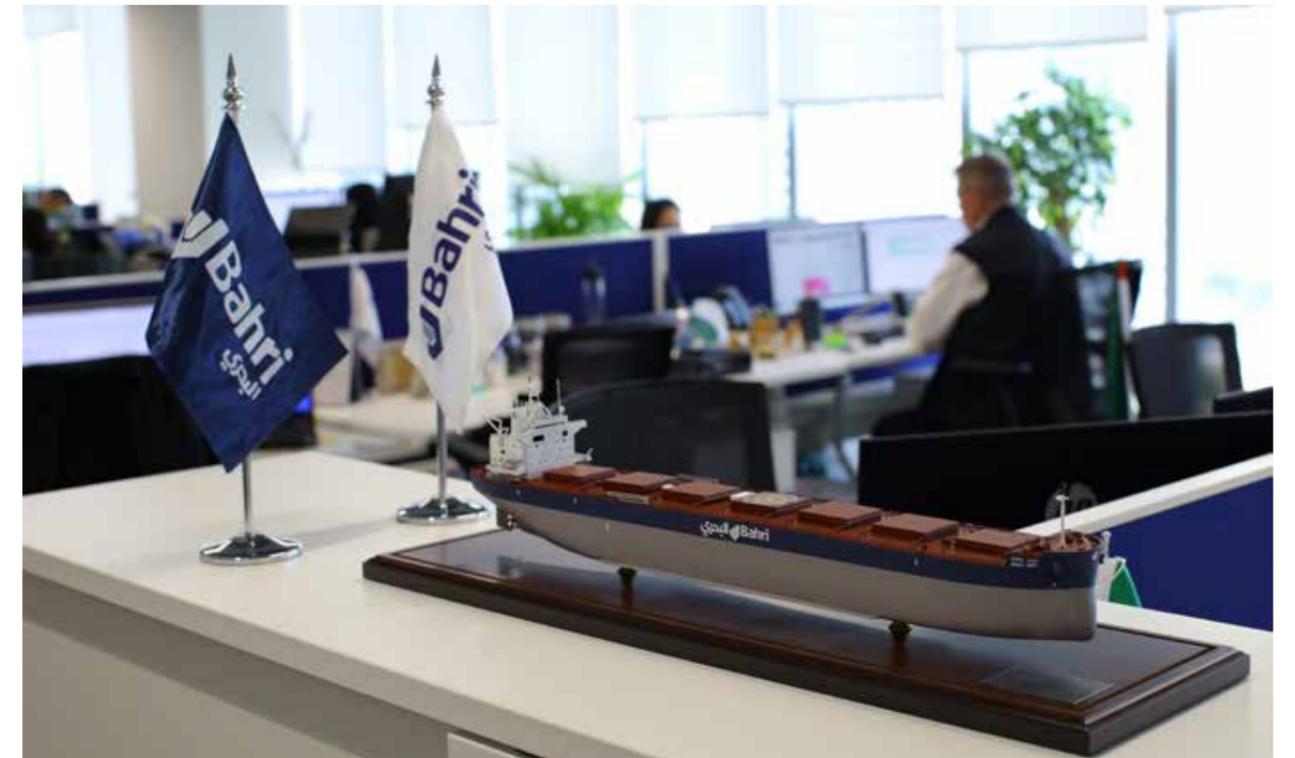
- Reviewed and developed over 50 business continuity plans.
- Conducted over 40 business continuity tests and audits.
- Delivered business continuity training to over 150 staff.
- Commenced the process for ISO22301:2019 certification.

## 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 Company's economic exposure to risk will continue in 2022, 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 2022 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.



# Operational Review

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# Market Overview and Predictions

*As the effects of the COVID-19 pandemic continued into 2021, the shipping industry witnessed ongoing challenges throughout the year. While the global economy experienced a degree of recovery, ongoing restrictions and COVID-19 measures continued in response.*

The IMF reported a 6% increase of global GDP and forecast 4.4% for 2022. In Saudi Arabia, according to estimates by the General Authority for Statistics (GASTAT), GDP experienced a positive growth rate for the first time since the beginning of the pandemic, by 1.5% in Q2 2021 compared to Q2 2020. This was due to an increase in non-oil activities of 10.1% and an increase in government activities by 0.7%. Meanwhile, oil activities experienced a negative growth of 7.0%.<sup>1</sup>

Trade growth predictions were revised in 2021 due to conditions outperforming the forecasts. According to the World Trade Organization (WTO), a global merchandise trade volume growth of 10.8% was seen in 2021, with an increase of 4.7% expected in the coming year.<sup>2</sup>

While global maritime transport was expected to be disrupted by the COVID-19 pandemic, the effects were less significant than the initial forecast. In Q2 of 2020, there was ongoing recovery for both container trade and dry bulk but there is yet to be a full recovery for tanker shipping. In 2021, as merchandise trade and world output continued to recover, the United Nations Conference on Trade and Development (UNCTAD) predicted a 4.3% increase to maritime trade.

Compound annual growth in maritime trade has been 2.9% over the past 20-years, but it is expected to slow to 2.4% between 2022-2026.<sup>3</sup>

Finally, UNCTAD reported that the impacts of COVID-19 in 2020, including lockdowns, had a significant impact on the demand for containerized goods. This reversed in H2 2020, leading to container shortages, congested ports, limited capacity and delays at the end of the year and into 2021. This resulted in record high freight rates, most significantly on routes from China to Europe and the U.S.<sup>4</sup>

## Oil Sector

The VLCC market faced its weakest earnings in over 30 years with benchmark route, TD3C - Arabian Gulf to Ningbo, averaging at negative -USD 700/day for 2021. This marks the first time VLCC earnings averaged negative on a full-year basis. 3 key factors mainly drove these low earnings:

First, oil demand in 2021 was -96.7M b/d, well below pre-pandemic levels of 100.2M b/d. This resulted in a fall in the average monthly AG cargo count, the key demand driver, to 117 cargos/month. This is equivalent to a 14% decrease from the pre COVID-19 monthly average. Second, while tanker demand remained subdued, supply fundamentals shifted in favor of charterers, as newbuilding additions accumulated without corresponding removals. The global VLCC fleet had a net addition of more than 200 VLCCs since 2016 (~25% of current fleet). Finally, crude oil prices remained elevated through the year, touching multiyear highs partly due to supply curtailment by OPEC+. Brent averaged at ~\$71/bbl during 2021, up ~63% as compared to the 2020 average of \$43/bbl. LSFO prices tracking crude averaged \$526/MT, up ~47% Y-o-Y, negatively impacting VLCC earnings.

The market is expected to pick up from these lows into next year as fundamentals begin to balance out.

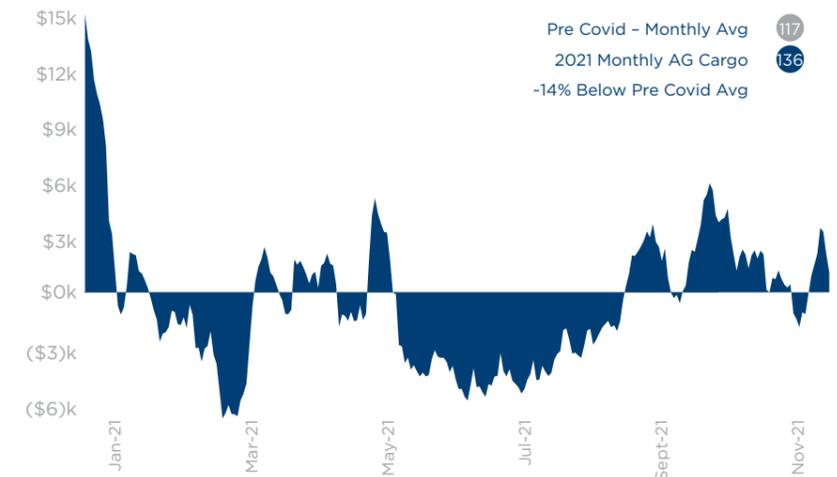
## U.S. Crude Oil Exports

U.S. crude oil exports in 2021 averaged 3.0M b/d, down from 3.2M b/d in 2020, marking the first time that exports decreased since the export ban in 2015. This was likely driven by lower U.S. crude oil production, largely shale, which is yet to ramp up to pre-pandemic levels.

## US Crude Exports ('000 Bbls)

Jan	3,165
Feb	2,703
Mar	2,685
Apr	3,283
May	2,736
Jun	3,349
Jul	2,700
Aug	2,996
Sept	2,667
Oct	2,900
Nov	3,149
Dec	3,238

## 2021 TD3C (S/D) and AG Cargo Count



1 [https://www.stats.gov.sa/sites/default/files/press\\_release\\_GDP%20nowcasting%20report%20EN%20Q2\\_2021.pdf](https://www.stats.gov.sa/sites/default/files/press_release_GDP%20nowcasting%20report%20EN%20Q2_2021.pdf)  
 2 [https://www.wto.org/english/news\\_e/pres21\\_e/pr889\\_e.htm](https://www.wto.org/english/news_e/pres21_e/pr889_e.htm)  
 3 [https://unctad.org/system/files/official-document/rmt2021\\_en\\_0.pdf](https://unctad.org/system/files/official-document/rmt2021_en_0.pdf)  
 4 [https://unctad.org/system/files/official-document/rmt2021\\_en\\_0.pdf](https://unctad.org/system/files/official-document/rmt2021_en_0.pdf)



### Chemicals Sector

The year 2021 was full of challenges with the second and third waves of COVID-19 and the Omicron variant hampering economic activity. In the chemicals sector, the major market impact affecting performance continues to be the lingering effect of the COVID-19 pandemic. Chemical transport has witnessed significant volatility in freight rates during the year due to the volatility in tonnage supply. The crisis has especially impacted the industrial supply chain and demand for chemicals across various industries and geographic regions.

While certain elements of economic recovery were seen worldwide, especially during Q4, the demand for chemicals and CPP is still negatively affected, keeping freight rates lower than anticipated. The ongoing pandemic continues to affect demand, and various countries are still implementing lockdown and travel restrictions. The economic decline has directly impacted the demand for capacity and increased delays at shipyards for drydocking and port calls. The situation has been further negatively impacted by the restriction of travel for on-board crews and ship inspections. This pandemic has also seen gas and oil prices spike, with effects on the cost of bunkers and on the profitability of the chemicals transport sector.

### Logistics Sector

The impacts of COVID-19 have also been seen in the logistics sector, with global equipment shortages and port congestions throughout 2021. The global steel-using industry saw growth momentum pick up from the 17-month low seen in the previous period at the end of 2021. Output levels had stabilized as new orders returned to expansion territory, leading to the first uptick in the headline PMI since June. Demand was held back by sustained, yet easing, supply chain pressures and rising COVID-19 cases related to the Omicron variant. Regional data pointed to a softer fall in output in Asia, while the U.S. and Europe report 3 and 5-month highs respectively. Nonetheless, there is uncertainty surrounding the duration of supply chain

disruptions and the effects of the latest COVID-19 wave, and this is likely to impact the overall health of the sector in early 2022.<sup>5</sup>

### Dry Bulk Sector

The pandemic has caused global seaborne demand for dry bulk commodities to fall by 2%. Nonetheless, gradual improvements in the supply and demand fundamentals began to shape the year by the end of 2020, with recovery effects rippling across 2021. The year has seen a demand for goods and a slow growth in the active fleet. Recovery has been strongest among midsized and small vessels as spill over from containers' shipping were an additional cargo stream. For Kamsarmax vessels, the growth has been driven by firm grain and coal trade.

The firmer freight rates of 2021 have been widely anticipated, particularly as the Asian economy started to see a recovery. Nonetheless, the early rise of freight rates and the extent of the increase was unprecedented, and this was clearly reflected in dry bulk earnings. Kamsarmax rates have continued to ramp up, gaining 169% in comparison to last year. The average earnings for Capesize were up by more than 300% and averaged its highest level since September 2008 for the first 5 months.

On the recovery path, the dry bulk industry experienced strong growth in the high-volume commodities, especially, iron ore registering 3% of growth of seaborne trade. With recovery across industries, 2021 saw an increase in the energy demand. In total, the coal seaborne trade has seen a 5% growth rate in comparison to 2020. Similarly, the dry bulk market is witnessing a 5% increase on growth and an expansion in the key grains and oil seeds exports.

This combination of healthy growth in seaborne demand and widespread logistical challenges has managed to outweigh the expansion of the world fleet, propelling freight rates across all segments.



<sup>5</sup> <https://www.markiteconomics.com/Public/Home/PressRelease/6806b5b43b2949d385137753b1f7ccf8>



# Future Plans and Decisions

*Bahri is committed to continuously improving our operations, furthering our strategic initiatives and adopting innovative solutions to grow the business while contributing to the Vision 2030 goal to develop the Kingdom into a leading global logistics hub. In line with this goal, and to leverage Saudi Arabia's geographical location, Bahri plays a key role as the exclusive maritime shipping provider for Saudi Aramco to the USA, Europe and the Far East.*

To build our business and maximize our impact, we continuously seek to expand our services and launch new trade routes to boost the national logistics sector and diversify the economy.

Plans are also underway to update and enhance the efficiency of our fleet, as the major global operator of oil tankers and one of the largest operators and transporters of chemicals in the Middle East. In 2021, we received the first Very Large Crude Carrier (VLCC) with IMI in cooperation with HHI; the new VLCC is fuel efficient and eco-friendly.

For chemical tankers, in collaboration with Hyundai MIPO Dockyard Co., Ltd., the National Chemical Carriers Co., Ltd. (subsidiary) obtained murabaha financing at the beginning of 2021 to cover 80% of the cost of building 10 chemical tankers with a capacity of 49,999 DWT for each contract. The tankers are expected to be delivered in batches, from the first quarter of 2022 until the first quarter of 2023. The vessel type is a fuel efficient "IMO type 2," which can be both Chemical and Clean Petroleum Product (CPP) carriers.

As part of Bahri's ambitious growth and development plan, the National Grain Company, a joint venture (JV) between Bahri and the Saudi Agricultural and Livestock Investment Company (SALIC), appointed the Board of Directors. The project extends over an area of 313,000 sqm, and the storage capacity of the terminal is 280,000 tons, while the production capacity of the terminal ranges from 3 to 5 million tons annually. The project is expected to be completed by the second half of 2023.

In line with its commitment to developing capabilities and supporting the localization of Saudi Arabia's military industries sector, Saudi Arabian Military Industries (SAMI), a wholly-owned subsidiary of the Public Investment Fund (PIF), signed a logistics

***In line with our strategic aim to further diversify our business and sources of income, Bahri will continue to seek new opportunities and announce these developments at the appropriate time.***

services agreement with Bahri. Under the terms of this agreement, Bahri will provide extensive internal and external logistics services, including sea, air and land transport, as well as freight services to the various business units and to SAMI's affiliated companies.

Moreover, in 2022, commercial operations will begin on transporting desalinated water from the floating stations (barges) to desalination tanks for 20 years (off take agreement). The project has 3 stations, with a total capacity of 150,000 cubic meters a day.



# Business Units

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## Bahri Oil

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Fleet consisted of

# 42 Vessels

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

As of 31st December 2020, our fleet consisted of **42 vessels** with **deadweight tonnage (DWT) of 13.1 million tonnes**, representing **5.0% of global capacity**.

In line with the long-term strategy to maintain a leadership position in the sector, Bahri's VLCC fleet has grown at an annualised rate of 6.5% since 2015.

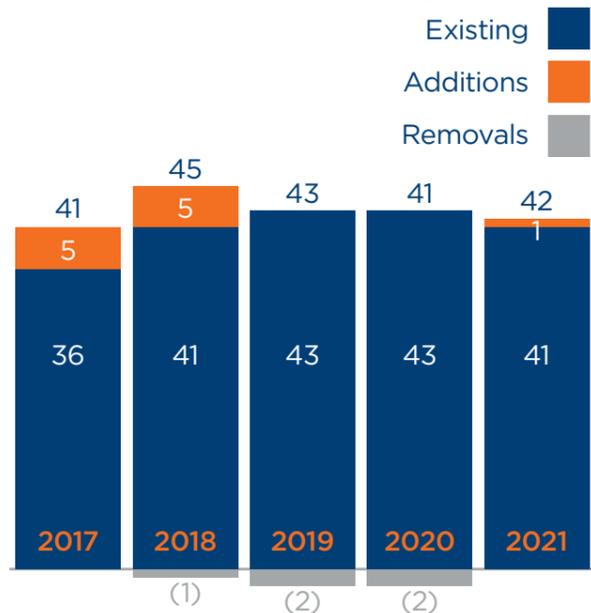
*Bahri Oil was presented with the “Tanker Operator of the Year” award in 2021, reflecting our services, diversification into new trades, network expansion, financial success, and social and environmental actions.*

Bahri Oil is one of the world’s leading owners and operators of Very Large Crude Carrier (VLCC) vessels. As of 31st December 2021, the fleet consists of 42 VLCCs with deadweight tonnage (DWT) of 13.1 million tonnes, representing ~5% of global capacity. In line with the long-term strategy to maintain a leadership position in the sector, Bahri’s VLCC fleet has grown at an annualized rate of 6% since 2015.

**Developments in 2021**

In continuation of Bahri’s long-term strategy to maintain a leading position in the sector, we continued our fleet renewal program by taking delivery of its latest VLCC “RAYAH” during 2021. The VLCC was built through a collaboration between the Kingdom’s International Maritime Industries (IMI) and Hyundai Heavy Industries. Bahri’s ongoing renewal strategy to retain a modern fleet will increase overall operational efficiency, including reduced average bunker consumption and higher optimization potential. Additionally, it also reduces reliance on charter in tonnage.

**Bahri Oil VLCC Fleet Development**



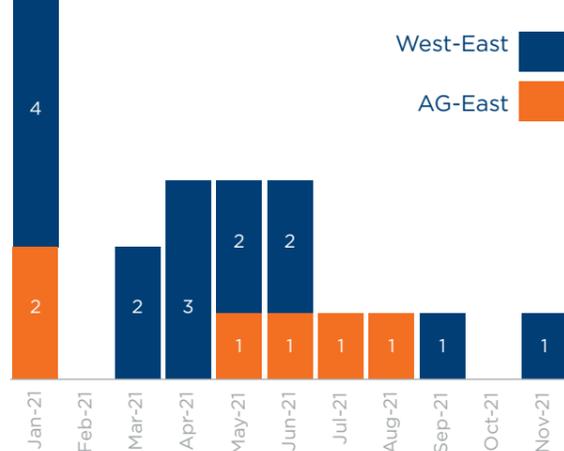
In 2021, Bahri’s diversified commercial and operational strategy was key to mitigating the impact of historically low market conditions. While contracted cargos remained a top priority, Bahri Oil took wide ranging measures to outcharter tonnage to a third party, providing efficient VLCC fleet deployment and optimal utilization. The measures we took included:

- Outchartered ships out of the Arabian Gulf (AG) when commercially viable
- Red Sea ships were routed in for voyages out of UKC/USG to the East
- Ballast in for West Africa/US Gulf (USG)/UK Continent (UKC) – East cargoes when economics permitted
- Targeted USG backhauls for AG-US-East triangulation providing highest utilization with minimal ballasting required
- Naturally repositioned AG-Red Sea ships for Sidi Kerir-UKC cargos and subsequent backhaul to East

Bahri leveraged its longstanding presence and position in the market as a shipowner to secure cargoes at competitive market rates. Continued port delays in certain regions and challenging conditions for crew changes were also closely monitored and coordinated to ensure timely and reliable first-class service. Additionally, in close collaboration with the Saudi Navy on voyage itinerary and vessel speed management, Bahri Oil ensured minimal waiting times at Bab-el-Mandeb throughout the year. Given the significant number of AG-Red Sea cargos Bahri handled, this was pivotal to ensure efficient vessel deployment.

Changes in the trade flow of crude oil shifted Bahri Oil’s operational market share, as we managed to diversify in terms of loading regions. This was in line with overall efforts to optimize fleet utilization while maximizing economic returns. As for non-contracted cargos, Bahri Oil witnessed a threefold increase in USG/CBS-Far East fronthaul outcharters, while UKC-Far East voyages doubled. The triangulation route (AG-USG-B/H), which provides the highest utilization, saw an increase of 2% from previously elevated levels

**Fronthaul Outcharters**



of 2020. Bahri Oil also diversified into the Suezmax sector, performing an AG-India voyage under the COA.

Bahri Oil’s diversified commercial and operational management strategy helped it outperform the market and its peers on a comparable TCE. In the first half of 2021, we focused on ensuring deployment owned tonnage beyond contractual requirements in the spot market to third parties. Bahri Oil’s high class reputation and long-term relationships with a broad range of market participants guaranteed market competitive outcharters with top global charterers, keeping the fleet fully deployed. Around 80% of fronthaul outcharters for the year was fixed during H1 of the year.

Our tonnage deployment strategy shifted in the second half as contract volumes increased, particularly on long haul triangulated AG-USG, and emphasis moved to optimize backhaul fixtures and fleet utilization. This was achieved by increasing our focus on backhauls with minimal ballasting, e.g., fixing backhaul out of USG (to East) on AG-USG voyage provides a utilization uplift by 5% compared to the second-best option, the Caribbean.

Bahri also constantly looked for solutions to reduce bunkering days and consumption. Given the scarcity of bunkers within in the allocated amount in Saudi Arabia, the situation was closely monitored to ensure

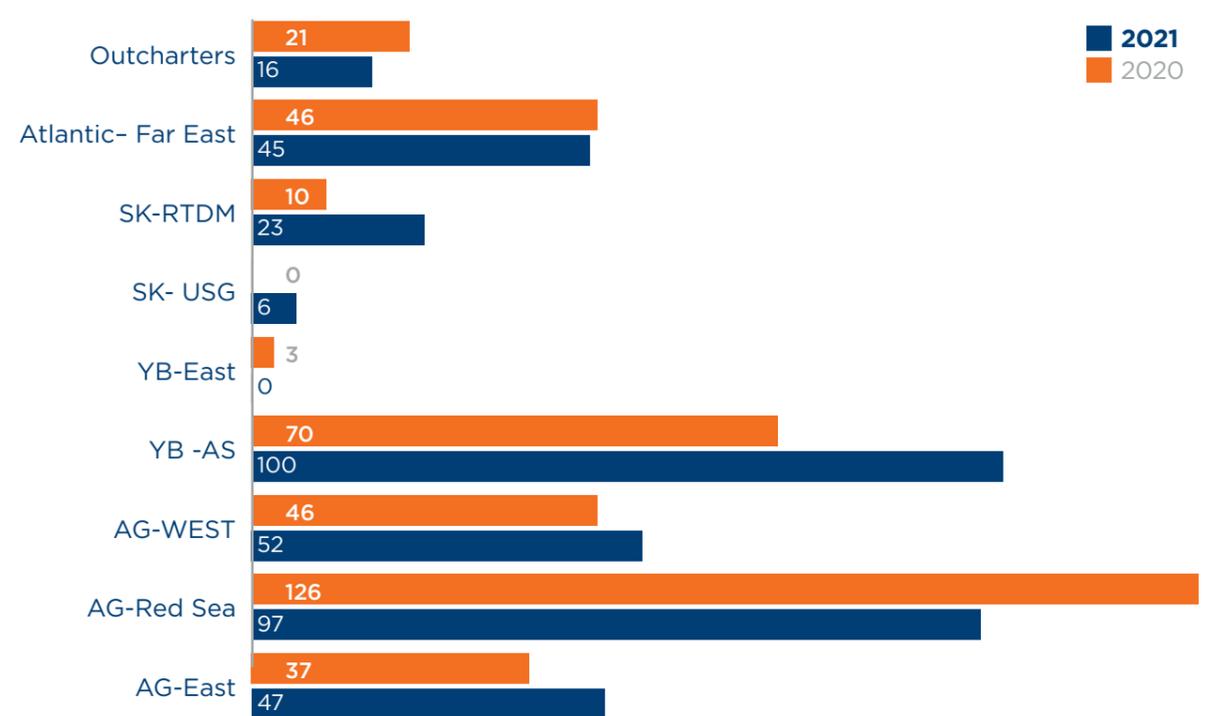
maximum bunkers were obtained and optimized, commercial and operational requirements permitting.

We further adopted a focused approach in our constant drive to expand and consolidate a robust customer base towards building long-term strategic relations with reputed global Charterers. Bahri Oil took measures in this regard, including a pilot COA to better understand Charterer requirements and evaluate how we can leverage on our operational experience to deliver customer specific best-in-class services.

Bahri Oil also reiterated our strong USG market presence, both as a primary backhaul player and ballaster for fronthauls when the market favored. The status of “preferred” service provider with major US charterers will be leveraged towards long-term, mutually beneficial partnerships. Voyages per customer increased by 23% Y-o-Y, a clear testament of the high quality services provided.

Bahri Oil’s robust and resilient business model, with inherent volatility mitigation measures, aided in managing the challenges of a historically low market year. Additionally, measures were adopted to ensure ideal fleet utilization and improved cost efficiencies, helping partially to offset the impact of the low charter rate environment and to position the business well for an expected market recovery. Bahri Oil’s financial result is a testament of this, outperforming peers both on TCE and a profitability front.

**VLCC Voyages year-on-year**



*During the year, Bahri Oil operated 359 voyages, transporting around 730 million barrels of oil worldwide. AG-USG voyages, which along with triangulation, provides a premium to the market due to increased utilization, represented a significant share of Bahri Oil's trading days. Voyage split remained relatively even with ~60% loading from the primary Arabian Gulf (AG) market and ~40% loading from other major global VLCC hubs.*

#### Technology and Innovation

In 2021, we also ensured the adoption of technological advancements relevant to the shipping industry, in line with emission reduction objectives and the highest safety standards. The latest developments are closely monitored, including pilot runs, to assess potential commercial and environmental benefits, in line with our sustainability initiatives. To date, we have adopted fuel saving devices and high performance paints. Bahri has also upgraded 25% of its fleet to better comply with pilotage requirements in several ports. These modifications will provide us with the operational flexibility to trade these vessels with minimal restrictions. The increased flexibility will be leveraged to charter vessels on high utilization journeys and improve revenues further.

#### Customer Satisfaction

Customer satisfaction and quality management remains the highest priority for Bahri Oil. In 2021, we achieved a Net Promoter Score (NPS) of 9.1 out of 10 for Operations, while the Executives' survey returned a score of 9. A consistent NPS score of 9 and above throughout recent years is a testament to Bahri's commitment towards ensuring high levels of customer satisfaction on an ongoing basis.

Furthermore, DNV-GL completed the ISO9001:2015 periodical audit during the year. The validity of the certification was reaffirmed by Bahri Oil's demonstrated ability to consistently provide services that fully meet customer requirements, while strictly complying with all applicable statutes and regulations. The audit also validated our continued efforts to enhance customer satisfaction through the effective application of Bahri Oil's system, including processes improvements and assurance of conformity to customer requirements.

#### Our People

Bahri Oil has continued its efforts to identify Saudi talent with the right skills and aptitudes through our corporate wide Graduate Development Program (GDP). The program targets fresh graduates and is designed to foster a pipeline of creative and high achieving talent. Selected candidates are alternated through multiple departments in a structured process

designed to equip trainees with the knowledge and skills necessary to fast track their careers. During the year, we enrolled 3 Saudi GDPs, improving the Saudization percentage in Bahri Oil to 39%.

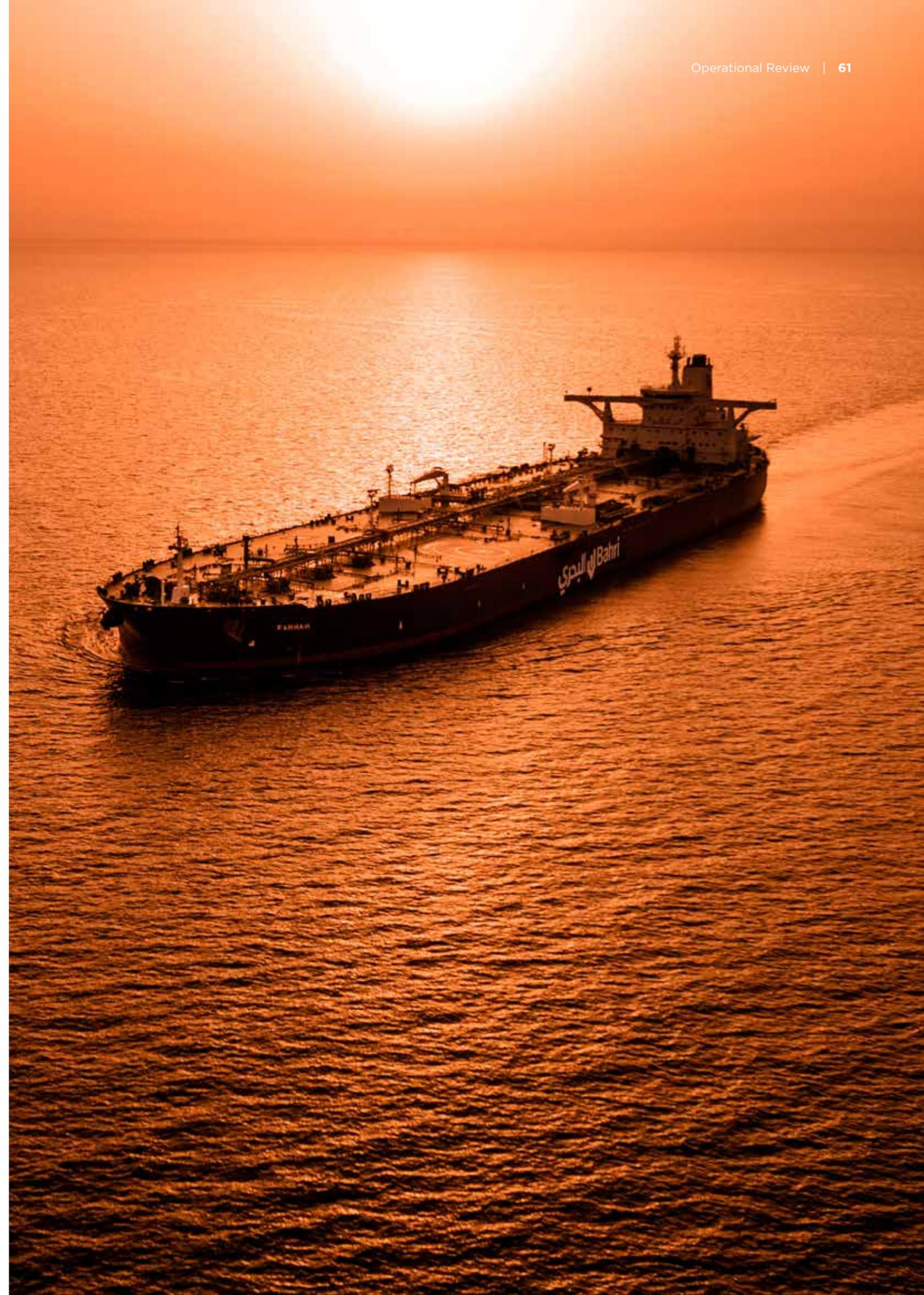
#### COVID-19 Update

Nearly 2 years into the pandemic, while signs of global recovery are clear, COVID-19 is still negatively impacting trade patterns as well as on the way customers and suppliers conduct business operations. Bahri has taken the necessary precautions, requiring employees to work remotely when needed and imposing travel restrictions. Given the international nature of shipping operations, the industry is facing specific operational risks related to personnel, crew changes, terminal restrictions and more. Ship crews face the risk of exposure to the virus due to the need to travel to ports in which cases of COVID-19 have been reported.

In several countries, COVID-19 measures have restricted crew rotations on vessels, which may continue. As a result, Bahri Oil experienced disruptions to normal vessel operations caused by deviation time associated with positioning vessels to countries in which crew rotation could be undertaken in full compliance. Close coordination with Bahri Ship Management ensured Bahri Oil handled the situation effectively, minimizing the impact of these disruptions and optimizing fleet deployment while ensuring a high level of customer service.

#### Looking Ahead

Moving forward, Bahri Oil is dedicated to guaranteeing continual operational improvement, executing strategic initiatives, and deploying creative solutions to help the Company expand. This includes optimizing the maintenance schedule of our ships, monitoring the fleet speed and consumption. Commercially, Bahri Oil will continue with its efforts to diversify its revenue portfolio by monitoring time charter opportunities, in addition to ensuring maximization of fleet utilization, especially in high earning routes. We will also continue to pursue customer satisfaction and quality management, which are of the highest priority.





# Bahri Chemicals

## Owned fleet of 28 Tankers

Operated by National Chemical Carriers Limited Company (NCC), a subsidiary 80% owned by Bahri. NCC owns 28 chemical tankers with 10 newbuilding to be delivered during 2022/23 and operating as follows:

- 20 IMO2 MR tankers in the spot market
- 2 IMO 2 MR and 1 IMO2 LR tankers chartered to International Shipping and Transportation Company, a subsidiary of Saudi Arabia Basic Industries Company (SABIC)
- 5 Product tankers chartered to Saudi Aramco Trading
- 9 IMO2 MR tankers to be delivered during 2022
- 1 IMO2 MR tanker to be delivered during 2023

## *Bahri Chemicals is the largest owner and operator of chemical tankers in the Middle East.*

It was established in 1990 under a joint venture with Saudi Basic Industries Corporation (SABIC), with 80% owned by Bahri and the remaining 20% owned by SABIC. Bahri Chemicals' operations include shipping and logistical handling of liquid chemicals, clean petroleum products (CPP) and vegetable oils.

Our focus is to provide services across more than 150 ports around the world. We operate with global customers across MENA, Asia and Oceania, Europe, North America and South America. We have a global commercial presence with offices in Dubai, UAE, and in Houston, USA. Our fleet of 28 tankers is designed in line with the highest global specifications and can transport a wide variety of liquid products, with a total capacity of about 1.3 million DWT.

With the continued implementation of our commercial strategy, focused on providing best-in-class performance and added flexibility, we have expanded our customer base significantly in recent years and have concluded a record number of COAs across various markets.

### Developments in 2021

Bahri Chemicals operates and commercially manages a fleet of IMO2 MR chemical tankers. In 2021, the fleet consisted of 28 vessels (including 3 vessels time chartered out to SABIC and 5 vessels to Saudi Aramco). Bahri Chemicals further operationally manages ammonia and stainless steel chemical tankers for other owners and commercially manages 6 IMO2 MR chemical tankers on a long-term basis. This year, Bahri Chemicals concluded an agreement to time charter 9 IMO2 MR chemical tankers from UACC. In May, we delivered 4, with the 5 remaining vessels to be delivered in November 2022.

Bahri Chemicals was further able to sign a COA with Sipchem (KSA) and also signed the first COA that Koch Industries (USA) has ever agreed to.

Bahri Chemicals continued to focus on providing the best service to its customers with the highest safety standards. To maintain a top performing and world

class fleet, Bahri Chemicals had 10 vessels in dry-docking for various projects for repair, maintenance, and upgrades, including new coating and new ballast water treatment systems.

Our competitive advantage remains, considering that we have the largest share of IMO2 MR chemical tankers and are a driver for fleet replacement with our newbuilding orders of 10 new generation vessels. These have a larger capacity and eco-design engines. As new orders in the MR chemical tankers sector have been very limited, Bahri Chemicals retains a capacity moat.

We have also received delivery of 4 vessels from UACC to enhance our revenue stream and align with the "asset light" commercial strategy. Bahri Chemicals has further added 16 charterers to its list of approved customers across various geographic regions and industrial sectors.

## Bahri Chemicals Fleet

Currently, owned fleet of 28 tankers includes:

**22 Medium Range Chemical Tankers**  
IMO 2 with capacity of 46,000 DWT

**5 Medium Range Product Tankers**  
with capacity of 50,000 DWT

**Medium Range Chemical Tankers**  
IMO 23/ with capacity of 50,000 DWT and lower bunker consumption / eco-design

**1 IMO2 LR Chemical Tanker**  
with capacity of 81,337 DWT

**Newbuilding**  
10 IMO2 MR chemical tankers  
with capacity of 50,000 DWT

Bahri Chemicals has worked on improving its recovery of outstanding receivables during the year, with a direct positive impact on cash flow.

### COVID-19 Update

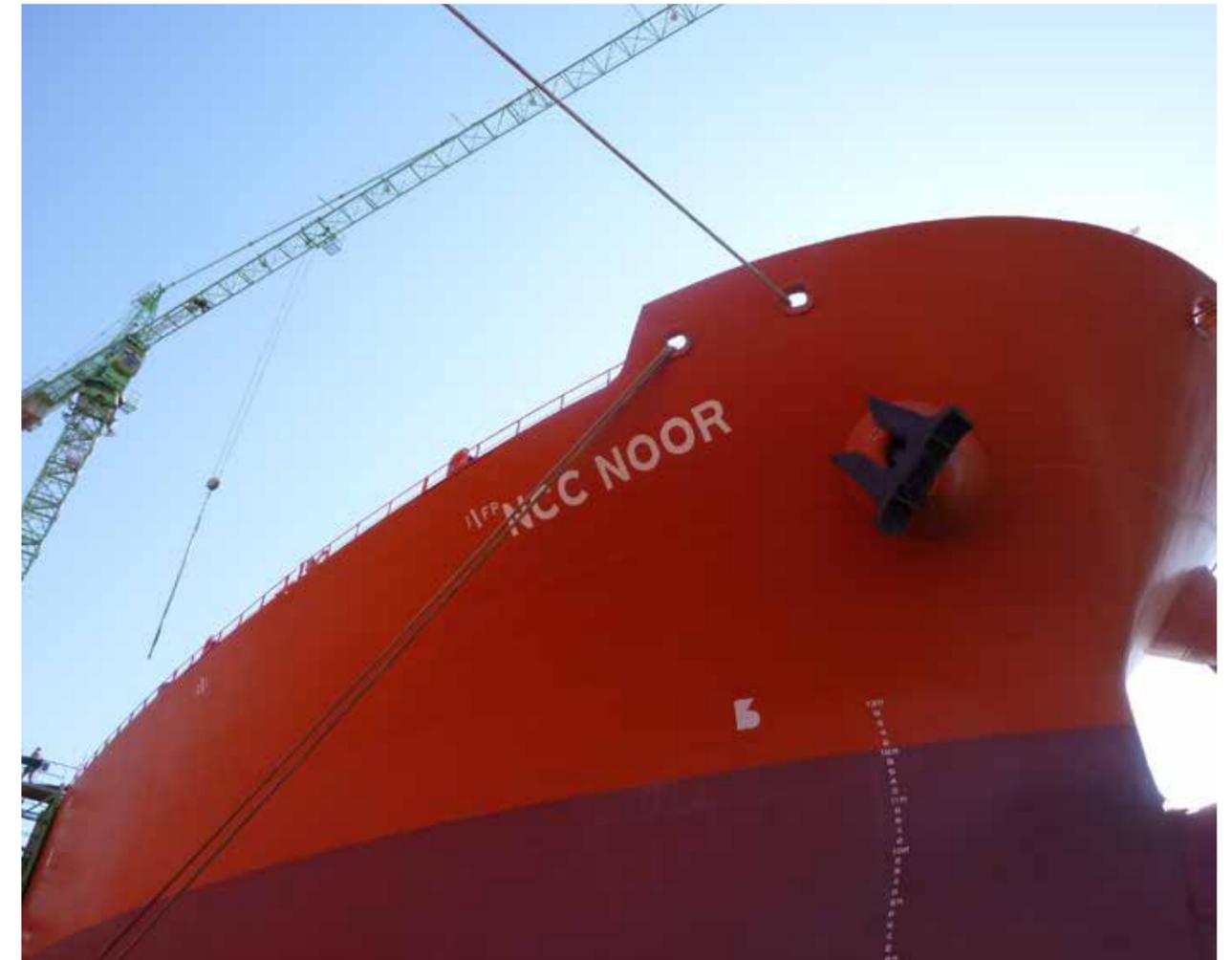
The COVID-19 pandemic continues to impact the industrial supply chain and demand for chemicals across various industries and geographic regions. This has reduced trading days from delays at dry-dock, caused delays and congestions due to COVID-19 port restrictions, and increased expenses for crew changes. The result has enhanced pressure on freight and expenses, driving down net income. Bahri Chemicals has implemented various measures to mitigate these effects:

- The chartering team has continuously managed to optimize trading by capturing the best commercial opportunities
- BSM switched shipyards after assessing the impact of delays

- The operations team ensures it is optimizing the ship planning with chartering to minimize port congestion and delays
- BSM is optimizing the crew rotation

### Looking Ahead

Bahri Chemicals continues to plan ahead in efforts to maintain its performance and world-class services. In 2022, we will receive the delivery of 9 newbuild IMO2 MR chemical tankers from Hyundai Shipyard in South Korea. We will further successfully conclude our dry-docking plan of 6 vessels for recoating, repairs and maintenance, and upgrades such as ballast water treatment systems. We also expect the delivery of 5 vessels from UACC on a long-term charter basis. Further to this, Bahri Chemicals' strategy is to diversify its service offering to our customers, with commercial and operational management on the spot market of stainless steel vessels for the transportation of high performance and specialty chemicals.





# Bahri Logistics

Fleet consisted of

## 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 serve, operate as a maritime and aviation agent, a shipping intermediary and charter ships and airplanes via Bahri Bolloré Logistics, a subsidiary 60% owned by Bahri.



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

Service Map 2021-2022 (6 Vessels)



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, and Canada 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 Logistics 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 Defence 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.



*Bahri liner also made 253 port calls at 43 different ports with zero incidents of accident. We have further deployed 37 environmentally friendly pieces of equipment in warehouse management projects.*

**Developments in 2021**

Bahri Logistics has extended its liner service to Shanghai, China this year, with Bahri Jeddah 021 making its maiden call on 23rd January. With the base established, we have added an additional 2 ports in the Far East to our schedule. This service expansion marks a new chapter in Bahri's continuous efforts to expand its customer base by entering new markets and industry sectors, in line with the Company's long-term growth strategy and objective to become a global logistics solutions provider.

Moreover, Bahri Logistics successfully became the logistics partner of General Electric (GE) globally. Under this partnership, our liners will be expanding their services in the US, Saudi Arabia, India, China and South America, before gradually entering other countries like Singapore, Vietnam, Kenya, Tanzania, Chile and Colombia, as part of providing multimodal transport solutions to GE.

Client Name	Annual Revenue (SAR)
General Electric (GE)	187,500,000
CAT (Caterpillar)	56,250,000
Leman	127,500,000
Hansen	1,875,000

Further, in 2021, Bahri signed an agreement with Saudi Arabian Military Industries (SAMI) to support defense logistics localization. Under the agreement, Bahri will provide wide ranging internal and external logistics services, including sea, air, and land transport, as well as freight services to the SAMI's various business units and affiliated companies.

In line with Bahri's sustainability initiatives, Bahri Logistics is adapting a green based technology in the National Unified Procurement Company's (NUPCO) sites, dedicated for the NUPCO health care warehouse project. Therein, all mechanical handling equipment provided are electric based and have zero carbon emission. The same practice is also planned to be standardized with other clients and upcoming projects.

**COVID-19 Update**

This year, our performance was affected by the ongoing COVID-19 pandemic. We also experienced a global equipment shortage and port congestions. In terms of our total revenue, only 26% of imports and 3% of exports were related to the Kingdom, while the remaining was non-Saudi related revenue.

**BahriBolloré Logistics**

BahriBolloré Logistics is a strategic joint venture of which 60% is owned by Bahri and the remaining 40% stake is 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.

**Looking Ahead**

The global economic recovery remains strong, and supply chain demand expects to increase 6% to 8% globally. The shipping liner industry is expected to continue the increase on rate for project cargo and containerized cargo throughout 2022. A rapid increase in demand as economies reopen has pushed up prices in key commodities such as oil



and metals. Food prices are also rising, boosting prices especially in emerging markets. Meanwhile, tensions along supply chains caused by the pandemic have added to cost pressures and shipping costs have increased sharply.

*Moving forward, Bahri Logistics would like to focus on the implementation and certification of BCMS. Considering the improvement in market conditions, challenging targets have been set for regions and agents to ensure we reap the profits from this growth in 2022.*



**Westbound**



**Eastbound**

Inducement calls to Abu Dhabi, Kuwait, Um Qasr and Djbouti





# Bahri Dry Bulk

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## 9 Carriers

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**Operating as follows:**

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

*In 2010, Bahri Dry Bulk (BDB) was established, as a joint venture between the National Shipping Company of Saudi Arabia (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.*



**Fleet Capacity**  
**732,000 DWT**



**Port calls**  
**175+ in 2021**



**Commercial offices**  
**2 : Dubai & Riyadh**



**Distance sailed**  
**612,000 NM**



**(ECGS-fitted)**  
**100%**  
**(BWM-fitted)**  
**90%**



**Transported cargo**  
**3,100,000 MT**

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

#### Developments in 2021

By the year end of 2021, we had a fleet strength of 9 Kamsarmax vessels built in world-class shipyards with a total fleet capacity of 732,000 DWT. With an aggregate carrying capacity of 3 million tons, BDB has achieved an annual growth rate of 50% over 2020. To strengthen the Company's strategic position, BDB is eager to continue expanding and diversifying the fleet going forward.

BDB's state-of-the-art fleet allows us to utilize a global presence as we carry a wide range of major and minor bulk shipments across major commercial maritime routes. As the National owner of dry bulk carriers, we are proud to contribute and preserve the security of the food supply chain into the Kingdom by providing transportation services to ARASCO via 5 Kamsarmax vessels, built in Oshima Shipbuilding.

In 2020, the delivery of 4 Kamsarmax newbuild vessels from Hyundai-Vinashin Dockyard coincided with unprecedented challenges confronted by the shipping industry with COVID-19. Nevertheless, BDB's management capabilities facilitated the immediate employment of the newbuilds with its reputable customer base, contributing to the revenue streams.

This year is symbolized by a momentous event portrayed by BDB's determination to strengthen its role in increasing the number of national bulk carriers. BDB is proud to have its bulk carrier MV ALANOOD, transporting an inaugural shipment of 69,274 MT of yellow corn in bulk for United Feed Manufacturing Company in Yanbu. MV ALANOOD thus joined the Kingdom's maritime fleet after raising the Saudi flag at King Fahd Industrial Port, in cooperation with the Transport General Authority and Saudi Ports Authority

(MAWANI), and General Directorate of Border Guards in the Kingdom.

Since its inception, capturing and cementing Saudi Arabia's local identity has been at the forefront of BDB's aspirations, whereby continuous efforts have been made to utilize the fleet to the service of the Kingdom. To that effect, MV SARA has performed, and transported Barley shipment destined to Dammam to meet ARASCO's shipping needs and requirements. In addition, BDB's Oshima fleet has been employed on a long-term transportation arrangement of grains from East Coast South American ports to Saudi Arabia, promoting the services that are essential and integral to the Saudi Arabian sustainable food supply chain and security.

As an agile shipowner, BDB maneuvers its fleet employment towards favorable market conditions to facilitate its strategy and financial performance. In 2021, BDB effectively managed operating expenses, that saw an exponential improvement in the net income. This progress was due to mixed fleet employment trading on global lanes, total fleet utilization with 100% trading days, and association with international charterers. BDB further continues to support the Kingdom's needs, where 7 ships called the KSA ports on multiple occasions.

On the operational side, we continue to perform our ship management activities meticulously. For seagoing crew, the heart of our operations, crew change practices were a challenge for shipowners as the disruptions are likely to impact the fleet performance. Therefore, we effectively performed crew deployments during the year by navigating pandemic related delays, including quarantine and testing requirements. This facilitated a safe working environment for the onboard crew without affecting the flow of our trades. As a result, revenue was SAR 253 million at the end of 2021, up by 87% from 2020, and net income stood at SAR 107 million, up by 189% from 2020.

### Technology and Innovation

BDB also continued to ensure that its digitalization journey and the implementation of innovative softwares continued to take place. Considering the rapidly evolving and highly competitive marketplace, digitalization and data analytics is one of our key focus areas, as a driver to secure our future ambitions. In line with Bahri's Digital Transformation Plan, BDB has allocated its resources to invest in innovative technologies to boost our operational performance. For example, to optimize the fleet performance, BDB invested in a software engineered to accommodate advanced ship and engine room monitoring systems, hull monitoring and predictions.

### Our People

BDB has made strenuous efforts to build its knowledge base and enhance its role in the dry bulk shipping business. One aspect has been to recruit Saudi young talents to our business unit. Recently, 3 Saudi talents joined the Graduate Development Program (GDP). The GDP is a robust and rounded program to expose new joiners to the various aspects of business and operations along with the exposure into functions and activities beyond the business units.

### Sustainability

BDB continuously strives to promote environmental stewardship, encourages the achievement of zero incidents, 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 implement cost effective solutions to mitigate the associated risks.

In line with Bahri's sustainability ambitions, BDB also ensures measures are taken to comply with environmental considerations and proactively aligns its strategy with developments in maritime regulations. For example, in compliance with the IMO's Ballast Water Management Convention, 8/9 of our fleet are fitted with BWTS, and we are targeting to

have 100% of our fleet complied with the regulation by 2023. In our efforts to further champion a greener footprint, 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 4 of our vessels.

### COVID-19 Update

The unimpeded spread of the COVID-19 pandemic halted the shipping industry and slowed down the movement of seaborne commodities. Mandatory lockdowns and increasing restrictions on cargo transportation among countries caused a contraction in economic activities.

Upon recovery of the supply and demand fundamentals of the dry bulk business, BDB has not entirely circumvented the crisis. Nonetheless, our primary strategy was to ensure we maneuver around the challenges and capitalize on our core strength areas and deliver optimum value. We have also adopted proactive safety measures to safeguard our people and enable effective continuity of our business operations.

Despite sailing across the globe and attending to more than 175 ports, BDB has been subjected to minor quarantine procedures onboard as commissioned by port authorities. Moreover, BDB has implemented strategic crew change measures while adhering to international maritime standards.

### Looking Ahead

BDB is looking to strategically expand the fleet and solidify its presence in the regional and global market. As the national bulk carrier of Saudi Arabia, we are committed to seek calibrated approaches to advance our logistical services and operational commands. Our priority is to continue aligning our goals with the developments of maritime regulations and unite with the shipping industry to secure a carbon-neutral future.





# Bahri Ship Management

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Ship management and marine  
support for

## Bahri Group

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Bahri's fleet has been consistently performing better than the industry during Oil Majors vetting inspections.



*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.*

This includes ships' 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 Saudi Arabia, the US 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 2021**

Despite the pandemic making ship operations more complex and time bound, Bahri Ship Management (BSM) was able to navigate these testing times with a well-planned digital and operational strategy. We focused on digital platforms, utilizing leading technologies such as Smartships, Marorca, VDRs and other in-house systems for the management of the fleet's planned maintenance cycle. BSM ensured crew planning while facilitating crew changes around the world and an uninterrupted availability of our financial systems. During the periods where 100% of our shore based staff were working from home, customers were receiving data needed from these processes and systems. Moreover, our fleets continued to sail, maintaining Bahri's best-in-class health and safety standards. With its current digital platforms, Bahri

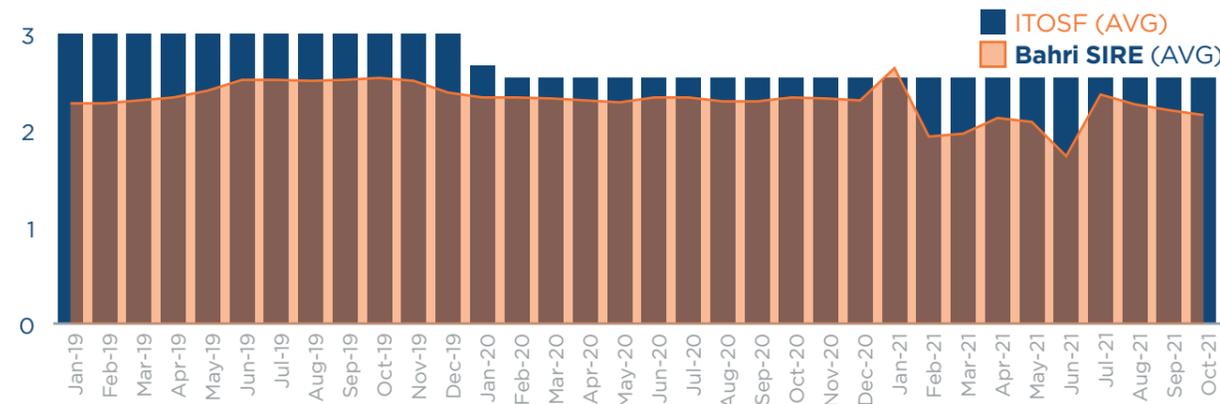
displayed the best possible service quality control and transparency to the customers.

The pandemic also changed the way we delivered training to our seafarers, shifting to online training for both on board and on shore staff. Furthermore, BSM audited and approved third party institutes conducting required courses to ensure that training was up to date and relevant for our seafarers' growth and development. Moreover, under the theme of "Delivering Operational Excellence Through Safety," Bahri organized 2 Virtual Senior Officers Conferences; one in 2020 and one early in 2021. These conferences reinforced the One Bahri & Safety First message by fostering greater internal alignment and collaboration among all participants.

During the year, BSM also deployed several cost saving initiatives. Even when the pandemic imposed costs increased in the shipping and logistics sector, we maintained our operating costs within the range of leading industry running cost indexes, as it has been for the last 5 years. Running costs remained stable and within the budgets throughout the year despite the fleet's increasing age profile and higher regulatory and environmental compliance requirements.

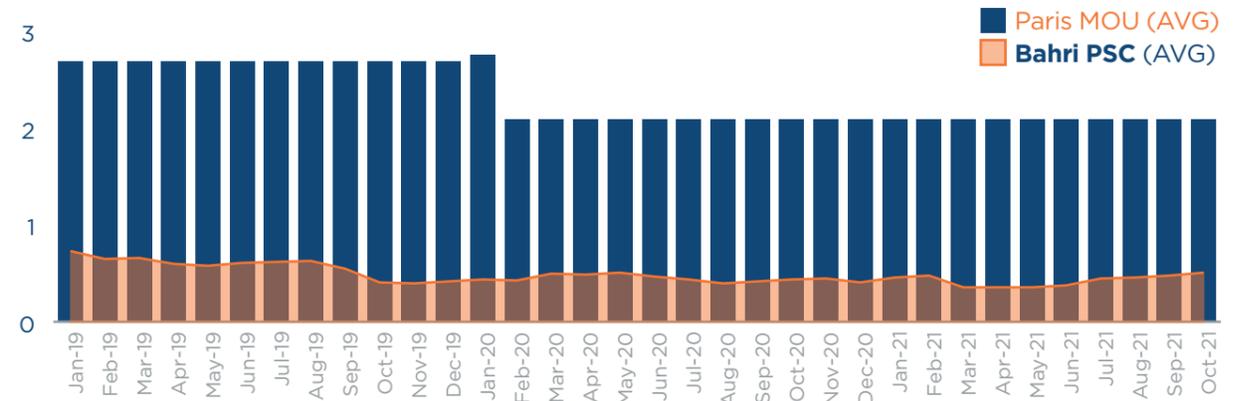
Bahri's fleet has also been consistently performing better than the industry during Oil Majors vetting inspections:

**Sire Average Findings - Rolling Average**



\*\*The industry agreed Oil Companies' International Marine Forum (OCIMF) Ship Inspection Report Programme (SIRE) inspection format is used as the main ship inspection tool. Inspectors are asked to report on all vessel or operational deficiencies. The same is required by the charters of the ships/oil majors accepting the vessel for business. Informal Tanker Operators' Safety Forum (ITOSF) publishes industry averages.

Our fleet has also outperformed the industry during Port State Control inspections around the world:



\*\*Port State Control (PSC) is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules. Paris MOU (Memorandum of Understanding on Port State Control) publishes industry averages.

**BSM and Vision 2030**

As the flag bearer of the Kingdom's fast growing maritime commerce sector, Bahri has aligned its business strategy with the overarching objectives of the Saudi Vision 2030 program. As part of its efforts towards realizing this vision, further enhancement of our fleet has always remained a priority. With the objective of further solidifying leadership credentials as one of the top 3 world's largest owners and operators of VLCCs, joining the current fleet of 41 VLCCs, is the 'gas-ready' VLCC "Rayah", which was delivered in October 2021 by the IMI.

Furthermore, BSM continued to supervise the building of 9 new chemical tankers in Hyundai Mipo Dockyard, a member of Hyundai Heavy Industries (HHI) Group. The 9 49,999 DWT Medium Range (MR) chemical tankers will be delivered commencing Q1 2022 and completed in Q1 of 2023.

Moreover, in line with Vision 2030 and supporting Saudi Maritime industry, we supported Saudi seafarers and provided cadet training. We completed the training of around 200+ Saudi seafarers from King Abdulaziz University and Saudi Aramco over the last 3 years. We also have a strategic partnership with the National Maritime Academy to support nationalization in seagoing staff (Bahri currently supports 125).

**Sustainability**

Bahri's goal is to reduce our carbon footprint across all ships we manage by undertaking several measures to preserve the environment and reduce the fuel consumption on the seagoing fleet. Some of our initiatives included the following, which has resulted in 3-5% of fuel savings:

- Application of high quality paints on ship's hull
- Fitment of energy saving devices like propeller boss cap fins
- Development of in-house software to track ships' carbon emissions accurately
- Installation of devices on board to accurately measure various parameters like main engine power and fuel meters to allow precise calculation of carbon emission
- Strategic development for decarbonization, seagoing voyage optimization, fuel savings and ship's hull optimization
- Reduction of plastic waste

In line with Bahri's latest commitment to eliminating single-use plastics, we aim for zero pollution from plastic waste at sea, and continuously minimize the generation of shipboard waste. Further, Bahri reinforces our commitment to collaborate across the industry for the preservation of the marine environment. All business units in Bahri promote the use of alternative packaging in the supply chain for provisions, spare parts, equipment deliveries to the fleet and equipment supplies to the offices.



Some of our key initiatives include:

- Minimizing cleaning bilge generation: clean bilge discharge is to be controlled by minimizing cooling water leakages, resulting in the increased cooling efficiency of machinery, reduced consumption of chemicals and reduced effluent from the vessel.
- Minimizing carryover on board of plastics and packaging waste: The plastic and packaging is material to be returned to the supplier on delivery to minimize carryover on board.

### Health and Safety

BSM had a proactive approach to ensure the uninterrupted operability of our fleet during the COVID-19 pandemic in 2020 and 2021. In recognition of our sustained efforts to ensure a safe and healthy work environment, BSM was awarded the latest ISO 45001:2018 standard for occupational health and safety (OH&S) management systems at the beginning of 2021. In June 2021, BSM was named 'Ship Manager of the Year' at The Maritime Standard Awards. The award reflects a consistently high performance, exceptional service standards, and extraordinary resilience, and further strengthens Bahri's position as a global leader in the maritime industry.

Furthermore, BSM demonstrated its industry leading maritime capabilities by winning the 'Safety & Quality Award' at the 18th edition of the prestigious Seatrade Maritime Awards Middle East, Indian Sub-continent, and Africa 2021.

### COVID-19 Update

BSM's performance and operations were challenged by the pandemic. Travel restrictions impacted crew changes, audit and training visits, services and medical calls, and spares deliveries. However, BSM had a proactive approach to ensure the uninterrupted operability of our fleet.

Throughout 2021, we implemented several precautions to mitigate the effects of COVID-19. Our seafarers were at the core of our planning, and we offered incentive payments to those who overstayed due to crew change restrictions. We ensured the highest protocols for COVID-19 testing pre-joining and prior to relieving. We further heightened our communication frequency with our vessels through port updates and safety bulletins and updated the crew on the latest progress of the outbreak situation and protection measures.

With the global travel restrictions in place, inspectors and auditors from class societies were unable to go on board to carry out surveys. This meant that due certifications could not be renewed in time and flag state dispensations had to be done to ensure the validity of the certifications. We closely followed flag state requirements to align our mitigation plans if

travel restrictions continued beyond the dispensation time frame. Moreover, we conducted remote internal audits, carried out through video calls and based on our internal audit checklist. We involved senior officers on board and an internal auditor verifying the system from shore. The remote internal audits were approved by flag and supported by the class.

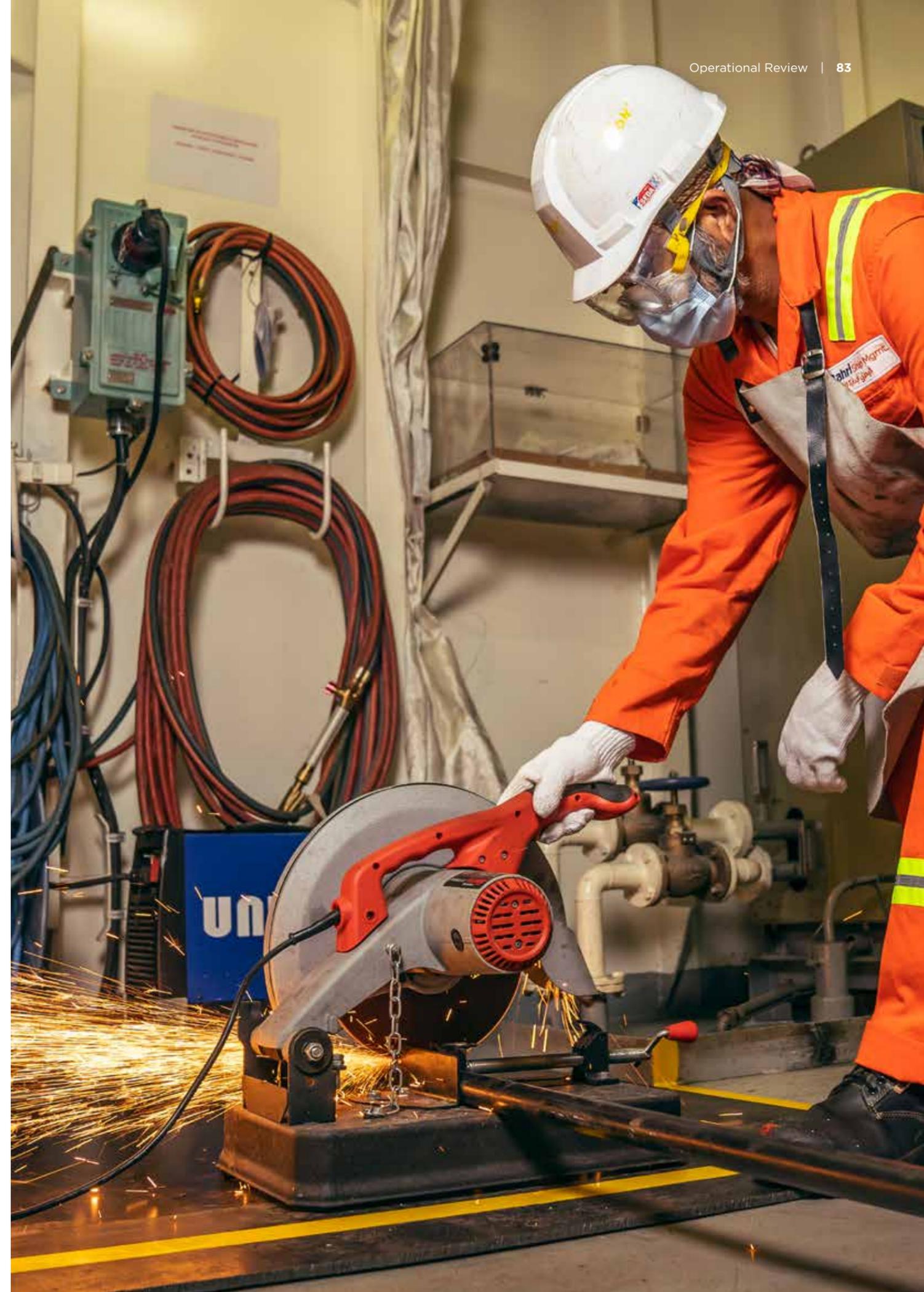
We also faced challenges with the limited availability of air cargo, service engineers, delivery and logistics options. This meant a longer delivery time for ships to receive their spares and stores. We increased our vigilance to ensure ships were not exposed to the risk of spares and store shortages. As per the annual dry-docking plan, 16 of our vessels dry-docked, and 12 of them installed Ballast Water Treatment systems, despite COVID-19 affecting yard availability. Manpower shortages also caused delays and logistical disruptions. Nonetheless, the total budget was USD 77 million, and we completed all our projects below the cost. We successfully managed to keep our costs for dry-dock and associated upgrades below the budget of USD 98 million.

### Looking Ahead

Decarbonization programs set by the International Maritime Organization (IMO) will be one of the most difficult tasks for the industry in the coming years. This starts with the implementation of the EEXI and CII criteria, all of which aim to reduce carbon intensity. The first phase is set to begin in January 2023. By supporting the use of pioneering new fuels, new technologies and digital practices, BSM aims to remove barriers, close gaps and find solutions to assist our customers and the industry in lowering carbon emissions.

We are also committed to ensuring that operating procedures, safety management and crew training are kept in step with innovation. The crew will have to know how to handle, store and manage new fuels, and operate technically advanced propulsion and power generation equipment. In the coming years, the entire seafaring community will need to be trained or retrained to adapt to this new, low carbon world.

Despite buoyant cargo demand across many vessels' segments, the outlook for freight markets remains highly uncertain and the prevalence of the pandemic continues to disrupt vessel operations. Hence, we expect the pressure on running costs to remain, which will dampen any likely inflation, but decarbonization regulations will add to ship operating cost burdens over the next 5 years. BSM will continue to invest in technology, build in-house ship performance systems and empower its seafarers through sustained investment in training and education, to optimize ship operating costs and achieve optimal results.





## Bahri Fleet

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# Bahri Fleet

## VLCC Fleet 2021

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
Abqaiq	2002	333	58	302,986	17	17
Tinat	2002	333	60	316,502	17	15
Hilwah	2002	333	60	316,808	17	15
Lulu	2003	333	60	316,507	17	15
Shiblah	2003	333	60	316,476	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 13,110,121**



## Chemical Tankers Fleet 2021

Ship name	Built	Length (m)	Beam (m)	Net DWT	No of tanks	Speed (knots)
NCC Najed	2005	183	32	46,200	22	15
NCC Al-Hijaz	2005	183	32	46,200	22	15
NCC Tihama	2006	183	32	46,200	22	15
NCC Abha	2006	183	32	46,200	22	15
NCC Tabuk	2006	183	32	46,200	22	15
NCC Qassim	2006	183	32	46,200	22	15
NCC Rabigh	2007	183	32	46,200	22	15
NCC Sudair	2007	183	32	46,200	22	15
NCC Dammam	2008	183	32	46,200	22	15
NCC Hail	2008	183	32	46,200	22	15
NCC Noor	2011	183	32	45,000	22	15
NCC Huda	2011	183	32	45,000	22	15
NCC Amal	2011	183	32	45,000	22	15
NCC Safa	2011	183	32	45,000	22	15
NCC Danah	2011	183	32	45,000	22	15
NCC Nasma	2011	183	32	45,000	22	15
NCC Shams	2012	183	32	45,000	22	15
NCC Najem	2012	183	32	45,000	22	15
NCC Reem	2012	183	32	45,000	22	15
NCC Sama	2012	183	32	45,000	22	15
NCC Fajr	2013	228	37	75,000	30	14
NCC Qamar	2009	183	32	46,195	22	15
NCC Maha	2009	183	32	46,265	22	15
NCC Bader	2014	183	32	50,000	14	15
NCC Ghazal	2014	183	32	50,000	14	15
NCC Jood	2014	183	32	50,000	14	15
NCC Masa	2014	183	32	50,000	14	15
NCC Wafa	2014	183	32	50,000	14	15

**Total Tanker DWT 1,329,460**

## RoCon Fleet 2021

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 2021

Ship name	Built	Net DWT	Draft (m)	Beam (m)	Length (m)	Horsepower	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 2021

Ship name	Built	Type	Length (m)	Beam (m)	Net DWT	No of Tanks	Speed (knots)
Khafji	2003	Tanker	248	43	97,000	14	14
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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# Sustainability at Bahri

*As a responsible corporation, Bahri has worked hard to incorporate sustainable practices into every area of its business, including the company's mission, operations, risk management, and corporate governance.*

We strive to establish a profitable and responsible business that contributes to the welfare of our economy, people, local communities, assets, and the environment.

### Our Sustainability Management Approach

Sustainability is defined as the ability to meet our current needs without compromising the ability of future generations to meet their needs as well. Taking ethical and sustainable decisions on the way resources are allocated and managed is crucial to the vitality of our planet.

At Bahri, we understand the role the marine shipping industry plays in mitigating the impact of

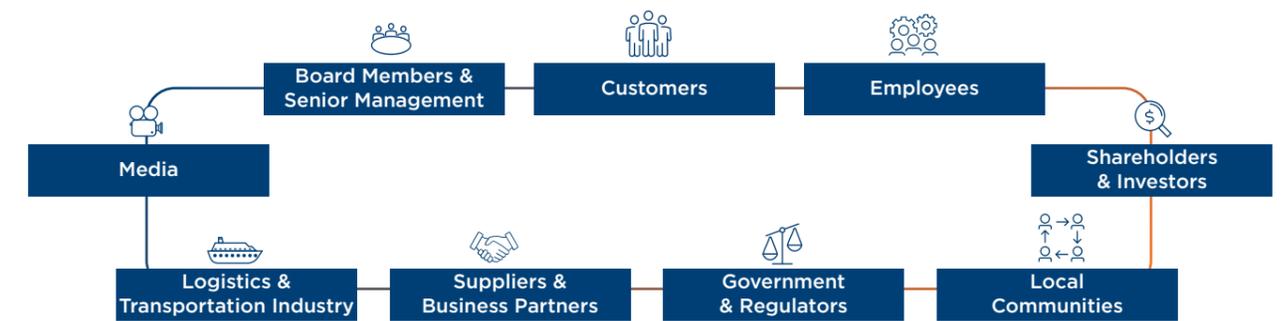
climate change and increasing the incorporation of sustainability into business operations. Our management approach, coupled with our sustainability framework, seeks to be agile in responding to new sustainability trends, risks, and vulnerabilities.

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

### Stakeholder Engagement and Materiality

At Bahri, we cultivate long-term relationships with a wide range of stakeholders, including our workers, customers, business partners, suppliers, investors, and the communities in which we operate. Stakeholders play an essential role at Bahri.

We always aim to keep them engaged and informed about best practices and the latest sustainability trends, which in turn helps us run our business in a responsible and sustainable manner.



### Materiality: The Issues That Matter Most

Sustainability is an evolving topic, so we constantly monitor sustainability issues and their relevance to our business. We have refreshed our materiality matrix this year, retaining the original 15 topics,

but repositioning them based on our stakeholders' priorities and industry trends. The updated materiality matrix is shown below:

## Bahri's Sustainability Framework

### Responsible Business

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

### Environmental Protection

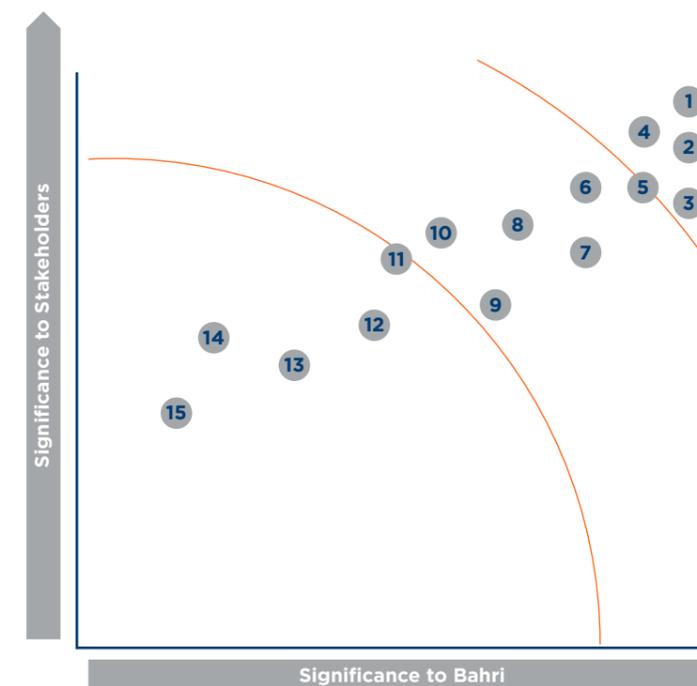
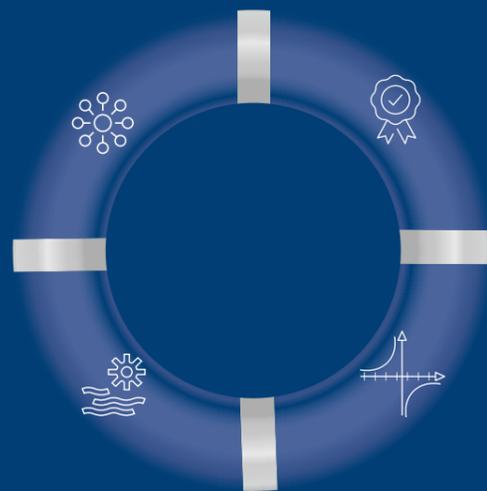
- Climate change
- Biodiversity and Ecological Impact
- Ship recycling
- Wastewater and Waste Management

### People and Safety

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

### Creating Value

- Sustainable Supply Chain
- Community Investment and Humanitarian Relief



Category	Rank	Topic
Most Important	1	Climate Change
	2	Governance and Compliance
	3	Occupational Health and Safety
	4	Biodiversity and Ecological Impact
	5	Sustainable Supply Chain
Very Important	6	Human Rights
	7	Diversity and Inclusion
	8	Workforce Training and Development
	9	Wastewater and Waste Management
	10	Customer Satisfaction
	11	Risk Management, Accident and Disaster Response
Important	12	Ship Recycling
	13	Digitization
	14	Environmental Innovation and R&D
	15	Community Investment and Humanitarian Relief



**Aligning to National and International Priorities**

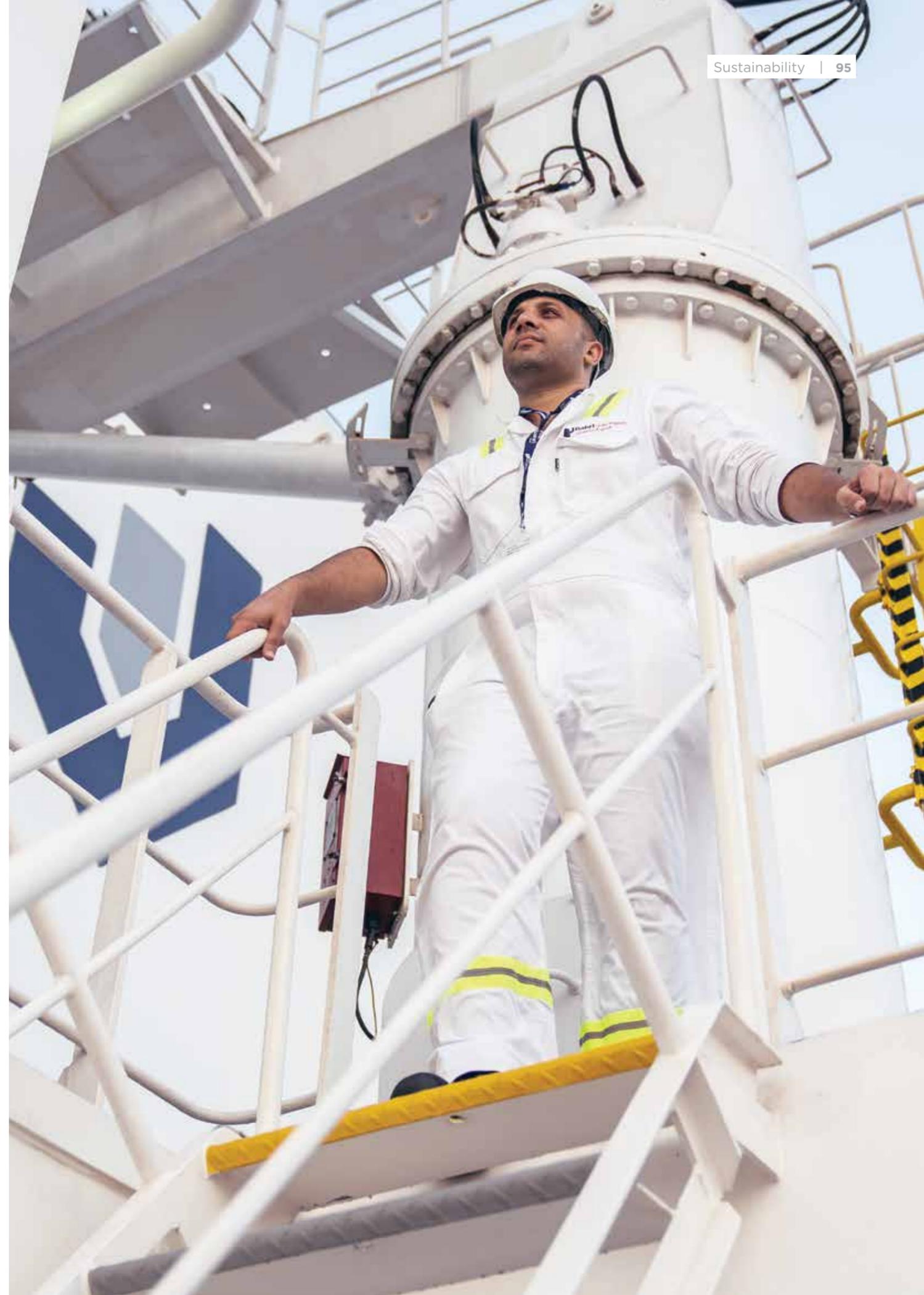
To guarantee that our sustainability management approach delivers value over time, our sustainability framework incorporates the ESG aspects that are relevant to our business activities and contribute to national and international sustainability priorities.

We ensure that our sustainability management approach aligns with and contributes to the Saudi Vision 2030 that serves as a strategic framework to catalyze sustainable development in the Kingdom. We incorporate the Saudi Vision's objectives and themes into our decision-making and business activities to ensure we make a genuine contribution to national priorities. We also incorporated the new ESG guidelines issued by the Saudi Stock Exchange (Tadawul) as soon as they were published in 2021, reaffirming our commitment towards sustainable development in the Kingdom.

As part of our alignment with international sustainability standards, we have linked our



sustainability aims and practices to the United Nations Sustainable Development Goals (UN SDGs). The 17 SDGs are interdependent, meaning an action taken in one area will have an impact on another. Bahri believes that by focusing on the seven SDGs that are most relevant to our business and sustainability initiatives, we can maximize the positive impact we create in achieving the SDGs. That way, we can produce tangible outcomes in these seven areas, while also indirectly contributing to the achievement of other interdependent SDGs.



# Environmental Protection

*Bahri puts sustainability at the heart of its operations, ensuring that they are conducted responsibly, with minimal impact on the surrounding environment.*

As the seventh biggest transportation company in the Middle East, we understand our immense responsibility and the key role we can play in protecting the environment and mitigating the effects of climate change in the global shipping industry. Bahri has committed itself to several measures and targets to support the global action against climate change. These include halving emissions by 2050 and reducing our negative impact on water resources.

Our bespoke environmental policy is integrated with our Environmental Management System (EMS), allowing us to track and measure key environmental indicators and take swift corrective action when necessary. Moreover, our Bahri Ship Management office and all our ships are ISO14001 certified, and this requires annual assessments to prevent pollution and minimize our environmental impact.

All these environmental management processes are in place to guarantee our compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL), ISO 14001 standard, and other industry requirements for environmental protection.

### Climate Change and Energy

We take accountability for recognizing and managing our direct and indirect impact on the environment. Our environmental management methods enable us to track and monitor the performance of our vessels in terms of fuel efficiency and speed, and the corresponding carbon footprint as a result. Our emissions are calculated and monitored in accordance with the Data Collection System (DCS) requirements of the International Maritime Organization (IMO).

Excessive energy consumption and increased carbon emissions have numerous negative impacts on the environment. We take seriously the action needed to catalyze the global transition to a low carbon economy. For instance, we introduced a new vessel "Rayah", built by International Maritime Industries (IMI) and Hyundai Heavy Industries (HHI) in 2021 that is fuel-efficient and cost-effective and has advanced systems to ensure greater safety and better controls.

Further initiatives to decarbonize our operations were undertaken this year, such as the installation of the ship performance monitoring tool "SMARTSHIP" that provides continuous and effective performance monitoring of both the ship and its equipment.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Direct GHG emissions (Scope 1) intensity <sup>1</sup>	Tonnes of CO <sub>2</sub> eq/mile	566.80	533.07	530.67
<b>Other air emissions</b>				
SOx intensity <sup>1</sup>	Kg/mile	10.77	1.13	1.26
NOx intensity <sup>1</sup>	Kg/mile	10.64	9.91	9.86
CO intensity <sup>1</sup>	Kg/mile	1.44	1.34	1.34
Particles intensity	Kg/mile	0.61	0.57	0.57

<sup>1</sup> 2019 and 2020 figures have been restated to reflect intensity instead of absolute values for reliable comparison over years, i.e., eliminating variations in fleet size, distance travelled, etc.

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 our power consumption onboard, we initiated the replacement of fluorescent lights with LED lights on four product tankers and the replacement of floodlights with LED lights on one VLCC, which resulted in a reduction in power consumption on these ships. The performance will be reviewed in the coming months with the aim of extending the energy-saving project to other vessels. Other technologies, such as using special hull coatings and heading control systems for new vessels, help to optimize energy consumption during sailing.

Although intensities this year show an increase compared to 2020, it should be noted that the special nature of 2020, including the restrictions imposed on businesses, resulted in a remarkable drop in energy consumption and generated emissions. In 2021 we have resumed our business activities to a level similar to that recorded before the pandemic in 2019, yet we see an improvement in both our energy consumption and emissions. Furthermore, the amount of electricity generated onboard the vessels dropped by approximately 26% in 2021, compared with 2020.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
<b>Direct energy consumption</b>				
Fuel oil intensity	Kg/mile	174.47	159.47	162.32
Gas fuels intensity	Kg/mile	10.59	11.55	9.67
<b>Total fuel intensity</b>	Kg/mile	185.06	171.02	171.99
<b>Total energy consumption</b>				
Electricity generated onboard	MWH	812,935	818,235	606,229
<b>Total energy consumption<sup>2</sup></b>	GJ	42,375,859	39,293,530	41,797,178

<sup>2</sup> Total energy consumption figures for 2019 and 2020 have been restated due to change in measurement methods.

### Water Management

As part of our goal to use water consciously and sustainably at Bahri, we integrate several management approaches into our daily work 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.

Better management of bilge water leakages was the main reason for the 5% reduction in water discharges to sea last year. We have also managed to increase the ballast water treatment rate by 7% and reduce the ballast water exchange by an equal rate.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Potable water consumption	m <sup>3</sup>	389,707	352,410	351,020
Total water discharges to sea	m <sup>3</sup>	26,579.1	24,343.9	23,208.9
Ballast water treatment	%	14	21	28
Ballast water exchange	%	86	79	72



**Waste Management**

We see waste management as a key pillar of the positive environmental impact Bahri can make. Poor waste management can lead to air pollution and climate change and directly affects many ecosystems and species. At Bahri, we generate less waste by tracking every small and large improvement opportunity we can take to enhance the waste management systems in our offices and fleet.

This year, we introduced numerous initiatives to reduce waste generation and increase recycling rates. We replaced mooring wires with ropes, which have

a longer lifespan and, to reduce single-use plastics onboard, we have initiated a pilot project to supply portable filtering water bottles to the entire crew of our ships.

Bahri has decreased waste generated in 2021 by approximately 1% compared with 2020, while maintaining the rate of plastic and packaging waste at 12.37 m<sup>3</sup>/vessel, despite adding one new vessel to our fleet. This, along with recording zero spills this year, shows the strict measures Bahri is taking to manage and reduce its waste and oil spills.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Total waste generated	Tons	5,806	4,799	4,769
Paper consumption	Kg	2,548	2,275	1,250
Plastic and packaging waste carried onboard total fleet	m <sup>3</sup>	1,485.63	1,150.68	1,113.21
Plastic and packaging waste carried onboard total fleet	m <sup>3</sup> /vessel	16.19	12.37	12.37
<b>Oil spills</b>				
Total number of oil spills	#	1	1	0
Total volume of spills	L	50 <sup>3</sup>	100 <sup>3</sup>	0

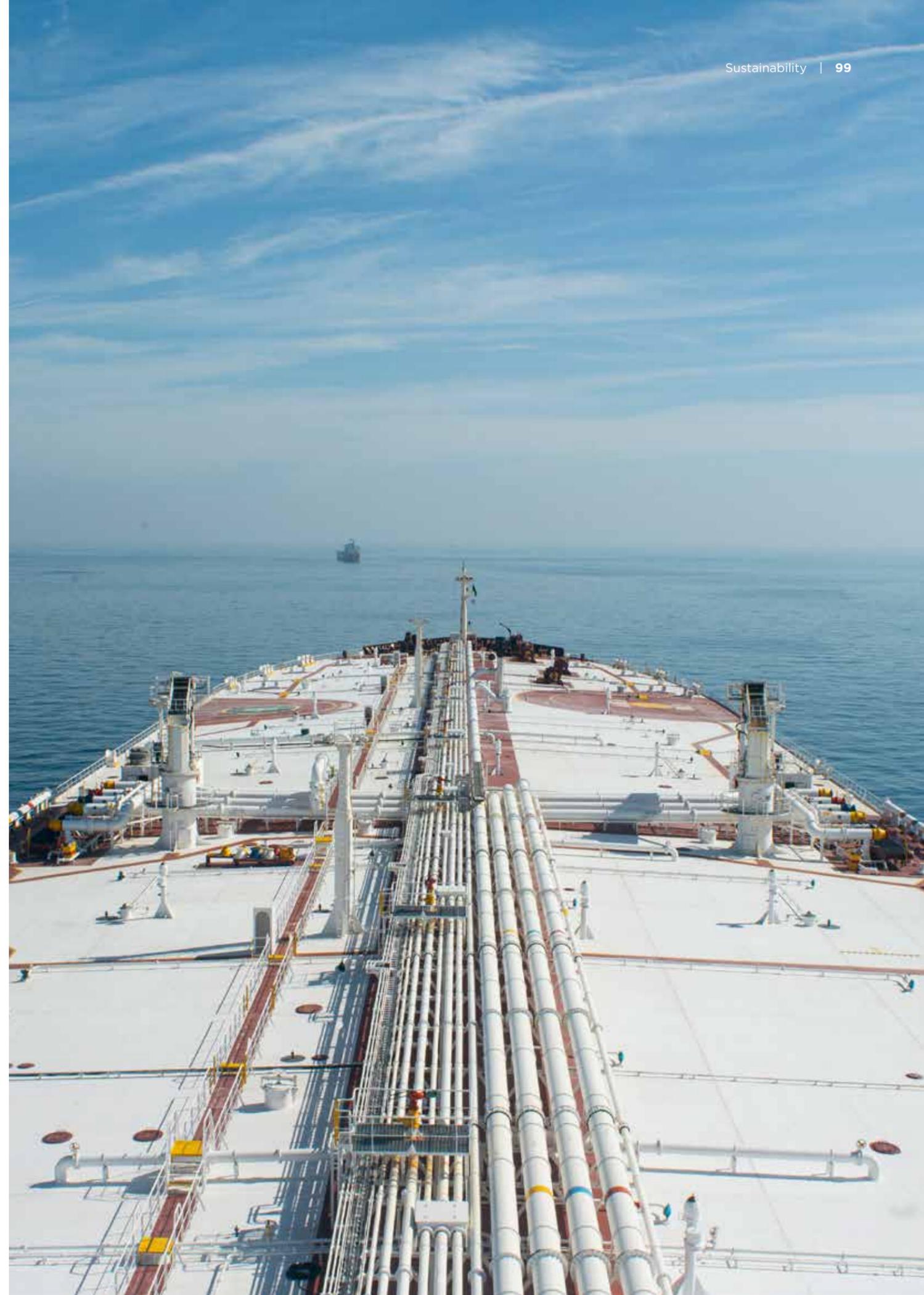
<sup>3</sup> Fuel Oil Spills

**Biodiversity and Ecological Impact**

Bahri understands the need to preserve land and ocean biodiversity. We heavily invest in measures and initiatives to safeguard the ecosystem and make our operations more sustainable.

Bahri's EMS covers pollutants that potentially harm marine biodiversity. This involves decreasing air pollution by using compatible fuels and exhaust gas cleaning systems or scrubbers, as well as restricting solid and liquid waste discharges into the sea. All our 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). We also use special equipment to reduce our noise pollution.

As part of our continuous efforts to reduce our negative impact on marine life, we avoid sailing in environmentally sensitive areas and abide by local laws and regulations in this regard. Furthermore, we put preventative actions in place to minimize accidental and operational discharges. For example, on the 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. By replacing mooring wires with ropes, we no longer needed to apply grease, which is essential on steel wires and thus prevented the risk of additional pollution reaching the seawater.



# Responsible Business

*We strive to create value and share prosperity by connecting economies through excellent global logistics solutions, as well as ethically-oriented and responsible business operations.*

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.

### Governance and Compliance

Bahri is an official member of the Maritime Anti-Corruption Network (MACN), a global group of more than 110 companies that work together to tackle corruption in the maritime industry.

Proper and transparent communication is one of the most important values Bahri believes in and considers for having smooth operations and harmony among the workforce. Therefore, we have developed our own code of conduct and associated policies to reinforce the governance system at Bahri. 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 receive code of conduct training as part of their induction and employees undergo regular refresher sessions throughout the year to ensure their full understanding and compliance with the code.

During 2021, Bahri developed and implemented a new Business Continuity Management (BCM) system, which was integrated into our Enterprise Risk Management (ERM) system. The new BCM program will be integrated into all Bahri's offices. We are proud that our new BCM system was certified with ISO 22301:2019 for security and resilience by the British Standards Institution in late 2021.

As Bahri seeks to create transparency across all business units and levels, we have conducted a Board assessment this year. The evaluation criteria covered particular areas such as the performance of the Chairman, the Board and its Committees. Next year, we plan to review Bahri's governance practices and the performance of the Board Secretariat to ensure we maintain a robust governance structure and identify and act on any opportunities for development as part of the continuous improvement journey.

### Risk Management

Our ERM framework is aligned with ISO 31000:2018 and considers the entire spectrum of risk sources and impacts affecting the business; be they internal (e.g., operational) or external (e.g., economic, market, political, environmental).

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, where possible.

In 2021, Bahri provided risk-awareness training to additional 57 employees, adding to the previous batch of 294 and 62 employees in 2019 and 2020, respectively. These ongoing awareness training sessions are part of Bahri's wider training and awareness program that aims to embed the ERM system across every division in the Company.

### Digitization and Innovation

Taking the inherently complex maritime supply chain into account, we digitize and streamline our operations and processes as much as possible. To support this and accelerate Bahri's digital transformation, we restructured our IT department and, in 2021, it was separated into two divisions; Cybersecurity and IT security, with defined roles and responsibilities for each. The Cybersecurity department focuses on Governance, Risk Management, and Compliance (GRC) along with cybersecurity user awareness and assessment, while the IT security department focuses on the efficacy of the security system operation.

Bahri is working to enhance its data privacy systems as we are currently developing cybersecurity procedures along with a comprehensive policy that is aligned with National Cybersecurity Authority (NCA) regulations and best practices in the field. This will help us ensure we have an agile cybersecurity system that is strong enough to deal with the threats or challenges we may face in the future.

We truly believe that the first line of defense in cybersecurity is people. For this reason, we have developed comprehensive cybersecurity awareness

programs for Bahri employees, highlighting threats they may face in their daily work. For the third year in a row, we have recorded zero data security breaches.

Key Performance Indicators (KPIs)	Units	2019	2020	2021	Target
Number of data security breaches	#	0	0	0	

### Customer Satisfaction

Customer satisfaction is one of the most essential business components for Bahri and the indicator of the value we create throughout our business activities.

We take customer satisfaction seriously and regularly conduct satisfaction surveys to identify any gaps and ensure we meet our customers' expectations.

Service	Survey Type	Customer Satisfaction Score (out of 10)	
		2020	2021
Chemicals	Executives survey	9	9
	Operations survey	9.2	9.5
Oil	Executives survey	9	9
	Operations survey	9	9.1
Dry Bulk <sup>4</sup>	Executives survey	9.7	10
	Operations survey	-	-
Logistics	Executives survey	8.53	-
	Operations survey	8.47	7.5

<sup>4</sup> Dry Bulk customer satisfaction scores for 2020 were restated due to calculation error.



# 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 the physical and mental health of our onshore and offshore employees very seriously and consider it a business priority. We are committed to creating a supportive and engaging environment where people can thrive in their chosen career paths. This commitment translates into tangible actions and Bahri has received multiple human resources (HR) awards in recognition of this. The most recent was the award for “Excellence in Youth Empowerment” at the GCC GOV HR Awards 2021 for Bahri’s investment in youth development initiatives inside and outside the organization.

Our global workforce saw a slight increase this year to reach 567 full-time employees, of which 20% were female and 43% Saudi nationals. We also have approximately 6,035 offshore employees with a target to increase the number to 6,500 next year. We are proud to have decreased our turnover rate by 5% last year, which shows our commitment to respecting our employees and creating a long-term relationship with them.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Full-time employee equivalents (FTEs)	#	545	562	567
<b>Workforce by job category<sup>5</sup></b>				
Senior management employees	#	51	54	57
Middle management employees	#	121	133	140
Non-management employees	#	373	375	370
<b>Employees by contract</b>				
Permanent contracts	#	545	562	567
Temporary contracts	#	6	2	3
<b>Workforce: offshore and onshore</b>				
Offshore <sup>5</sup>	#	6860	6495	6035
Onshore	#	545	562	567
<b>Employees by gender</b>				
Males	#	451	454	454
Females	#	94	108	113
<b>Nationalization</b>				
Saudi Nationals among total full-time workforce globally <sup>5</sup>	%	42%	42%	43%
Saudi Nationals among total full-time workforce in KSA	%	68%	70%	69%
<b>Turnover</b>				
Total turnover rate <sup>5</sup>	%	19.82%	14.59%	14.64%

<sup>5</sup> 2019 and 2020 figures were restated due to change in the calculation methodology to accommodate with the new parameters of our management system.

## Human Capital Development

As part of our management approach that complies with national and international regulations, we are committed to creating the means and ways for our employees to grow and develop.

After a careful review of the Training Needs Analysis (TNA) outcomes in 2021, we customized the training program for each employee, focusing on the topics they needed and were interested in to help them progress in their careers and achieve their ambitions. New training topics were introduced in 2021, such as hardware asset management fundamentals for IT employees and the ISO 22301 Security and Resilience Lead Auditor course.

We ensure that our top management receives the required training that fosters continuous learning and modern management skills. Bahri has developed an ‘Executive Leadership’ program, in partnership with the internationally respected university, the Thunderbird School of Global Management. This program is dedicated to equipping Bahri’s executive leaders and top management with the required knowledge and skills to contribute to the company’s prosperity and growth.

As part of our contribution to the Saudi Vision 2030, we run initiatives to nurture local talent and support the growth of our industry and the economy as a whole. In 2021, Bahri launched training courses that include: the Co-operative Training Program (COOP), the Summer Training program (SAIFI), and the Tamheer program. The Tamheer scheme offers university students and fresh graduates hands-on experience via internship programs at Bahri. We have trained a total of 11 COOP and six Tamheer trainees since the projects began in 2021.

In recognition of these efforts, Bahri received the Education and Training Award at the 18th Seatrade Maritime Awards from the Middle East, Indian subcontinent, and Africa 2021, which is held in association with Lloyd’s List.

This year, Bahri invested more in employee training, delivering a total of 20,112 hours, with the average hours per employee increasing by 15%, compared with last year. The number of male trainees doubled this year due to the increased number of candidates from King Abdulaziz University who received practical training onboard our vessels in 2021.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Average training per employee	Hours	47.1	24.6	28.3
Numbers of males trained	#	437	340	264
Numbers of females trained	#	97	94	94
Total training delivered	Hours	27,205	10,658	20,112
<b>Trainees</b>				
Number of trainees	#	118	97	196
Number female trainees	#	24	19	14
Percentage of employees who received a performance and career development review	%	89	91	90



### Diversity and Inclusion

Diversity and inclusion is more than policies and headcounts for Bahri. It is a belief ingrained in Bahri's management approach and work culture. We know that diverse and inclusive workplaces earn more employee trust and loyalty leading to better business results and higher chances of innovation.

Therefore, and in line with the Saudi Vision 2030, Bahri has committed to increasing the number of female employees in its offices through different roles. We have redesigned our Saudi offices to

accommodate higher numbers of female staff and achieved a 30% female hire rate among our workforce in 2021.

Young people are also an important part of our diversity and inclusion program. We ensure our younger employees have the proper tools, training, and support to progress with Bahri on a personal and professional level. This year, 51% of our new hires were from the 18-30 age group. We believe that creating opportunities for future generations is essential for a prosperous and just world.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Total number of new employee hires <sup>6</sup>	#	101	75	81
<b>New employee hires by gender<sup>6</sup></b>				
Female	%	30%	31%	30%
Male	%	70%	69%	70%
<b>New employee hires by age<sup>6</sup></b>				
Age 18-30	%	36%	32%	51%
Age 31-50	%	62%	60%	38%
Age 51+	%	2%	8%	11%
Number of nationalities	#	44	53	52

<sup>6</sup> 2019 and 2020 figures were restated due to change in the calculation methodology to accommodate with the new parameters of our management system.

### Human Rights

As a responsible maritime business, we acknowledge our duty to protect and respect human rights. Therefore, our Qualifying Life Event (QLE) and whistleblower 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.

We also have an occupational health and safety (OHS) committee in place, whose members represent each of Bahri's business units. They are elected for one year and are responsible for issues such as investigating accidents, reviewing the OHS risk register, and management of employees' health - and safety-related concerns.

Our Ship Management that manages the entire fleet is certified with the ISO 45001:2018 standard for OHS and our management rules and guidelines are aligned with international and national standards, such as 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.

We understand how tough the life of a seafarer can be. Many in the industry work long hours away from

their families and their homes, which can make them prone to depression, anxiety, and mental health problems. For that purpose, Bahri has rolled out a mental health awareness program for ship staff, as well as selected office employees, covering a wide range of mental health topics. These include fatigue risk management, self-awareness, talk therapy, etc. As part of the safety enhancement initiative held in 2021, 36 vessels underwent a ship-specific safety culture enhancement program, where quarterly surveys about the ship safety culture were carried out to identify any weak areas in the safety measures taken on board. As a result, a tailored safety culture enhancement program was developed for each vessel.

Bahri has recorded zero employee and contractor fatalities for the third consecutive year. This is thanks to the health and safety measures implemented in our offshore and onshore locations that safeguard our people. Due to the global pandemic, 2020 was an exceptional year when most of the ship staff spent more time than usual onboard. For this reason, the H&S performance in 2021 should not be compared with 2020, as this year our operations returned to normal levels and crew changes became routine again. If we compare our total recordable case frequency (TRCF) and lost time injury frequency (LTIF) scores to 2019 figures, they show an improvement, decreasing to 1.41 and 0.52, respectively.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Employee fatalities	#	0	0	0
Contractor fatalities	#	0	0	0
Total recordable case frequency (TRCF) <sup>7</sup>	#	1.52	0.73	1.41
Lost time injury frequency (LTIF)	#	0.71	0.42	0.52
Total number of health and safety audits	#	98	113	114
Total hours of HSE training provided <sup>8</sup>	Hours	N/A	138	210
Percentage of employees who received HSE training <sup>9</sup>	%	100	100	100

<sup>7</sup> This covers all Bahri workforce (onshore and offshore)

<sup>8</sup> For onshore staff only

<sup>9</sup> For offshore staff only



# Creating Value

*Our mission at Bahri is to apply responsible business practices to achieve world-class operations and provide the best solutions and services for our business partners and stakeholders, all while being in line with our values to benefit the company, customer, and community.*

National and international standards and regulations recognize the importance of well-educated communities in the development of nations and economies. By ensuring that our society has more possibilities for growth, we can help current and future generations live to their full potential.

Bahri's value creation management style is linked to the vision and mission of the company and is reflected in everything we do. We are committed to creating positive value and a lasting change among the different groups in our community, the marine industry, and our planet. To achieve this, Bahri follows the Asset Based Community Development (ABCD) approach, where we create partnerships with various institutions to nurture and develop local talent with an expanded outreach to cover different demographics in the Kingdom.

### Sustainable Supply Chain

Bahri understands that we all have a part to play in promoting sustainable development in our communities. We believe that by carefully selecting the suppliers we work with, we can play a significant role in creating a sustainable supply chain, while generating long-term value for the company, its stakeholders, and the 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 contract if any breach is 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, Occupational Health and Safety, and Environmental policies as well as our quality management systems.

We conduct regular supplier audits throughout the year to ensure supplier compliance with our codes of conduct. In 2021, we doubled the number of suppliers who were screened against various ESG criteria to reach a total of 25 suppliers.

with Bahri increased to 29, with an increase of 70% in spending on local suppliers.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Number of suppliers that were subject to audit	#	8	13	25

In an effort to contribute to the Saudi Vision 2030, Bahri constantly prioritizes local suppliers in its supply chain. In 2021, the number of local suppliers engaged

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Total number of suppliers engaged	#	661	679	677
Total number of local suppliers engaged	#	18	20	29
Total procurement spending	Million SAR	2,426	1,921	2,158
Procurement spending on local suppliers <sup>10</sup>	Million SAR	793	261	445
Percentage of spending on local suppliers <sup>10</sup>	%	33	14	18

<sup>10</sup> 2019 and 2020 figures were restated due to change in the calculation methodology to accommodate with the new parameters of our management system



### 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.

In alignment with national and international standards for community investment and with a particular focus on the themes of the Saudi Vision 2030, our community initiatives revolve around supporting and developing young people, empowering women, and preserving the environment. Our community investment amounted to SAR 2,633,454 this year.

Key Performance Indicators (KPIs)	Units	2019	2020	2021
Amount of community investment	SAR	1,501,915	1,502,442	2,633,454

### Rescue mission

Bahri is dedicated to making positive change and to being an active part of the maritime community. This goes beyond providing industry-leading operations and services to supporting relief operations whenever it is possible to do so.

The crew of "MT LAWHAH" brought three people to safety from a sailing yacht in July 2021, after it was stranded at sea with engine issues and a tropical storm expected nearby. Bahri's staff rescued the three sailors within 30 minutes of receiving the request for help showing excellent coordination with the Barbados Rescue Co-ordination Centre (RCC) and coast guard.



# Governance

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# Board of Directors



**Mr. Mohammed Abdulaziz Al Sarhan**  
Chairman



**Dr. Abdulmalik Abdullah Al Hogail**  
Vice Chairman



**Eng. Ibrahim Qassim Al Buainain**  
Board Member



**Mr. Yasir Abdullah Al Salman**  
Board Member



**Mr. Abdulrahman Mohammed Al Suhaibani**  
Board Member



**Eng. Ahmed Ali Al Subaey**  
Board Member



**Mr. Khalifa Abdullatif Al Mulhim**  
Board Member



**Mr. Raid Abdullah Ismail**  
Board Member



**Mr. Yasser Abdulaziz Al Kadi**  
Board Member

*Shareholders are among the most important groups in Bahri's governance framework.*

## 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.

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 2021 and the positions of its members.

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

## Board Meetings held during 2021 and Attendance Sheets

Number of Meetings: (11) Meetings

Name	Nature of Membership	Meeting 1 08 Jan 21	Meeting 2 08 Mar 21	Meeting 3 09 Mar 21	Meeting 4 26 Apr 21	Meeting 5 06 Jul 21	Meeting 6 20 Sep 21	Meeting 7 21 Sep 21	Meeting 8 07 Dec 21	Meeting 9 08 Dec 21	Meeting 10 08 Dec 21	Meeting 11 19 Dec 21	Total
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	Present	Present	11									
Dr. Abdulmalik Abdullah Al Hogail	Vice Chairman	Present	Present	11									
Eng. Ahmed Ali Al Subaey	Board Member	Present	Present	Present	Present	Absent	Present	Present	Present	Present	Present	Absent	9
Eng. Ibrahim Qassim Al Buainain	Board Member	Present	Present	11									
Mr. Khalifa Abdullatif Al Mulhim	Board Member	Present	Absent	Absent	Absent	Present	8						
Mr. Yasir Abdullah Al Salman	Board Member	Present	Present	Present	Present	Present	Present	Absent	Present	Present	Present	Present	10
Mr. Raid Abdullah Ismail	Board Member	Present	Present	11									
Mr. Abdulrahman Mohammed Al Suhaibani	Board Member	Present	Present	11									
Mr. Yasser Abdulaziz Al Kadi	Board Member	Present	Present	11									



## Board Committees

Board Committees and their tasks and responsibilities, and member classification during the year 2021

### Audit Committee

#### Tasks and Responsibilities

- The Audit Committee examines and expresses opinions and recommendations on the interim and consolidated Annual Financial Statements of the Group. Additionally, it studies reports provided by the external auditor and ensures measures taken to address such reports are implemented.
- The committee ensures the efficiency of internal control systems and applicable policies and procedures as well as the tasks, work, and reports of the internal audit department. It also ensures the implementation of measures taken to address the recommendations of such reports in order to achieve the Company's objectives and protect shareholders' interests.
- The Audit Committee reviews regulatory authorities' reports and measures taken by the Executive management to address them.
- The committee makes recommendations to the Board of Directors on the appointment of an external auditor, defines their remuneration, assesses their performance, verifies their independence, and reviews the scope of work and contractual terms.
- The Audit Committee monitors the work and activities of Executives and managers responsible for risk management

### Audit Committee Meetings and Attendance Sheet

Number of Meetings: (6) Meetings

Name	Nature of Membership	Meeting 1 28 Jan 21	Meeting 2 28 Feb 21	Meeting 3 19 Apr 21	Meeting 4 03 May 21	Meeting 5 02 Aug 21	Meeting 6 25 Oct 21	Total
Dr. Abdulmalik Abdullah Al Hogail	Chairman	Present	Present	Present	Present	Present	Present	6
Mr. Yasser Abdulaziz Al Kadi	Board Member	Present	Present	Present	Present	Present	Present	6
Mr. Saleh Abdullah Al Debasi <sup>1</sup>	Board Member	Present	Present	Present	Present	Present	Present	6
Dr. Saad Saleh Al Ruwaiteh <sup>2</sup>	Board Member	Present	Present	Present	Present	Present	Present	6

<sup>1</sup> Mr. Saleh Abdullah Al Debasi is a Non-Board committee member who has a BSc in Geography from Imam Muhammad Ibn Saud Islamic University and a Master's in Public Administration from the University of Pittsburgh, USA. Mr. Al Debasi is currently working as the financial affairs and logistics vice president of the Saudi Presidency of State Security.

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	Current
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 - unlisted	Inside KSA	Previous
Power and Water Utility Company for Jubail and Yanbu (Marafiq)	Joint-Stock - unlisted	Inside KSA	Previous
The Saudi-Moroccan Investment Company (Asma Invest)	Limited Liability Company	Outside KSA	Previous

<sup>2</sup> Dr. 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.

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 Audit Committee, Riyadh Downtown Development Company	Joint-Stock - unlisted	Inside KSA	Current
Member of the Audit Committee, National Development Fund	Governmental Authority	Inside KSA	Current
Member of the Audit Committee, Saudi Arabian Military Industries (SAMI)	Holding Company	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

- To ensure that the Board is composed of individuals capable of undertaking their responsibilities in line with the law and highest governance standards.
- To ensure the implementation of appropriate measures that evaluate the remuneration granted to Board members and senior Executives
- To 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.
- To conduct periodic reviews of the remuneration policy and evaluate its efficiency.
- To define key performance indicators (KPIs) for all Board and committee members and conduct annual performance appraisals against such KPIs.
- To control and monitor the selection process for senior Executives.
- To ensure there is an active succession plan and that it is periodically updated.
- To develop a set of governance standards that define 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.
- To 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	Meeting 1 28 Jan 21	Meeting 2 04 May 21	Meeting 3 09 May 21	Meeting 4 29 Sep 21	Total
Mr. Khalifa Abdullatif Al Mulhim	Chairman	Present	Present	Absent	Present	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

- To 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
- To 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
- To 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
- To apply due diligence and conduct appropriate feasibility studies for investment opportunities to make effective and wise investment decisions
- To approve investment and reinvestment of Company's capital within the defined limits in line with the authority matrix applicable in the Company
- To define the standards for selecting investment managers/advisors, periodically review their performance and approve the ending of their service
- To 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.
- To monitor Company's investments via reviewing the periodic reports of the Executive management
- To evaluate investment performance based on comparing actual returns against Company's investment return targets
- To 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	Meeting 1 11 Oct 21	Meeting 2 28 Oct 21	Meeting 3 23 Nov 21	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	Present	Absent	Absent	1
Mr. Yasir Abdullah Al Salman	Board Member	Present	Present	Present	3
Mr. Yasser Abdulaziz Al Kadi	Board Member	Present	Absent	Present	2

## Board of Directors and Board Committees' Compensations and Bonuses for 2021

### A) Board Compensations and Bonuses

	Fixed Benefits						Variable Benefits						Expenses Allowance	
	Fixed amount	Board meetings attendance allowance	Total committee meetings attendance allowance	In-kind benefits	Technical, administrative and advisory works compensation	Bonus of the chairman, managing director or secretary, if he/she a board member	Total	Percentage of the profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Granted shares		Total
<b>First: Independent Members</b>														
Dr. Abdulmalik Abdullah Al-Hogai*	500,000	55,000	45,000	-	-	-	600,000	-	-	-	-	-	600,000	-
Khalifa Abdullatif Al-Mulhim	250,000	40,000	15,000	-	-	-	305,000	-	-	-	-	-	305,000	-
Abdulrahman Mohammed Al-Suhaibani	400,000	55,000	20,000	-	-	-	475,000	-	-	-	-	-	475,000	-
Yasser Abdulaziz Al-Kadi*	500,000	55,000	40,000	-	-	-	595,000	-	-	-	-	-	595,000	-
<b>Total</b>	<b>1,650,000</b>	<b>205,000</b>	<b>120,000</b>	-	-	-	<b>1,975,000</b>	-	-	-	-	-	<b>1,975,000</b>	-
<b>Second: Non-Executive Members</b>														
Mohammed Abdulaziz Al-Sarhan	410,000	55,000	35,000	-	-	-	500,000	-	-	-	-	-	500,000	-
Ahmed Ali Al-Subaey	300,000	45,000	5,000	-	-	-	350,000	-	-	-	-	-	350,000	-
Ibrahim Qassim Al-Buainain	300,000	55,000	-	-	-	-	355,000	-	-	-	-	-	355,000	-
Yasir Abdullah Al-Salman	400,000	50,000	15,000	-	-	-	465,000	-	-	-	-	-	465,000	-
Raid Abdullah Ismail	400,000	55,000	20,000	-	-	-	475,000	-	-	-	-	-	475,000	-
<b>Total</b>	<b>1,810,000</b>	<b>260,000</b>	<b>75,000</b>	-	-	-	<b>2,145,000</b>	-	-	-	-	-	<b>2,145,000</b>	-

\*Includes compensations and bonuses of the audit committee

### B) Board Committees' Compensations and Bonuses

	Fixed Bonuses (excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
<b>Audit Committee Members</b>			
Dr. Abdulmalik Abdullah Al-Hogail	100,000	30,000	130,000
Yasser Abdulaziz Al-Kadi	100,000	30,000	130,000
Saleh Abdullah Al-Debasi	100,000	30,000	130,000
Dr. Saad bin Saleh Al-Ruwaiteh	100,000	30,000	130,000
<b>Total</b>	<b>400,000</b>	<b>120,000</b>	<b>520,000</b>
<b>Nomination and Remuneration Committee Members</b>			
Khalifa Abdullatif Al-Mulhim	100,000	15,000	115,000
Mohammed Abdulaziz Al-Sarhan	100,000	20,000	120,000
Raid Abdullah Ismail	100,000	20,000	120,000
Abdulrahman Mohammed Al-Suhaibani	100,000	20,000	120,000
<b>Total</b>	<b>400,000</b>	<b>75,000</b>	<b>475,000</b>
<b>Strategy and Investment Committee Members</b>			
Mohammed Abdulaziz Al-Sarhan	100,000	15,000	115,000
Dr. Abdulmalik Abdullah Al-Hogail	100,000	15,000	115,000
Ahmed Ali Al-Subaey	-	5,000	5,000
Yasir Abdullah Al-Salman	100,000	15,000	115,000
Yasser Abdulaziz Al-Kadi	100,000	10,000	110,000
<b>Total</b>	<b>400,000</b>	<b>60,000</b>	<b>460,000</b>



### C) Board of Directors and Board Committees' Compensations and Bonuses Policy:

The charter of the Nomination and Remuneration Committee has been disclosed in the 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 2021

Board Members	Position	No. of Shares Period Start	No. of Shares Period End	Net Change
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	369,053	401,000	31,947
Dr. Abdulmalik Abdullah Al Hogail	Vice Chairman	180,000	180,000	-
Eng. Ahmed Ali Al Subaey	Board Member	-	-	-
Eng. Ibrahim Qassim Al Buainain	Board Member	2,306,956	1,000	2,305,956
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	250	250	-
Mr. Yasser Abdulaziz Al Kadi	Board Member	25,000	25,000	-
<b>Senior Executives</b>				
Eng. Abdullah Ali Al Dubaikhi	CEO	-	-	-
Eng. Fayez Abdullah Al Asmari	Bahri CFO	-	-	-
Mr. Naser Mohammed Al Abdulkarim	President of Bahri Oil	-	-	-
Mr. Hisham Husain Al Khaldi	Chief Support Officer	-	-	-
Mr. Ahmed Muhammad Al Ghaith	President of Bahri Logistics	-	-	-
Mr. Claus Breitenbauch	President of Bahri Chemicals	-	-	-
Eng. Mohammed Abdulaziz Battal	President of Bahri Dry Bulk	-	-	-
Eng. Abdulaziz Abdulrahman Sabri	President of Bahri Ship Management	-	-	-
Dr. Khalid Sulaiman Al Saeed	Chief of Strategy	-	-	-
Mr. Chakib Abi Saab	Chief Technology Officer	-	-	-

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

## Board Members' Biographies, including Current and Previous Board Memberships Inside and Outside Saudi Arabia

### 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.

Previous roles include:

- Advisor to Al Faisaliah Group (AFG) and Chairman of Al Safi Danone

- Vice President for 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

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 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

Company	Legal Entity	Location	Membership
Alinma Bank	Joint-Stock - listed	Inside KSA	Current
National Chemical Carriers Company (NCC)	Limited Liability Company	Inside KSA	Current
Kuwait Food Company (Americana)	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 & Systems Holding Company	Limited Liability Company	Inside KSA	Previous
Philips Healthcare Saudi Arabia Company	Limited Liability Company	Inside KSA	Previous
Accenture Saudi Arabia Ltd. Company	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 working as Saudi Aramco's Vice President for Marketing, Sales and Supply Planning.

Previous roles include:

- 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

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
Saudi Aramco Products Trading Company	Limited Liability Company	Inside KSA	Current
Saudi Aramco Base Oil Company (Luberef)	Limited Liability Company	Inside KSA	Current
Arab Petroleum Pipelines Company (SUMED)	Joint-Stock - unlisted	Outside KSA	Current
Saudi Aramco Asia Company (SAAC)	Limited Liability Company	Outside KSA	Current
Saudi Petroleum International Inc.	Limited Liability Company	Outside KSA	Current
Saudi Petroleum Overseas Ltd. (S-OL)	Limited Liability Company	Outside KSA	Current
Aramco Development Company	Limited Liability Company	Inside KSA	Previous

**Eng. Ibrahim Qassim Al Buainain**

BSc in Mechanical Engineering, a Master's in Global Business Administration and Innovation and Leadership from the Massachusetts Institute of Technology (MIT), USA. Eng. Al Buainain has also achieved a certificate from the Executive Development Program, IMD, Switzerland. He is currently working as CEO of Aramco Trading Company (ATC).

Previous roles include:

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

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
Hyundai Oilbank Company	Joint-Stock - listed	Outside KSA	Current
Petredec Company	Limited Liability Company	Outside 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. Almulhem Company Ltd. Previously, he worked for the Saudi Industrial Development Fund (SIDF).

Company	Legal Entity	Location	Membership
Advanced Petrochemical Company	Joint-Stock - listed	Inside KSA	Current
AlJazira Bank	Joint-Stock - listed	Inside KSA	Current
Wala Cooperative Insurance Company	Joint-Stock - listed	Inside KSA	Current
Saudi White Cement Company	Joint-Stock - unlisted	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 working as 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

Company	Legal Entity	Location	Membership
National Water Company (NWC)	Joint-Stock - unlisted	Inside KSA	Current
Saudi Railway Company (SAR)	Joint-Stock - unlisted	Inside KSA	Current
King Abdullah Financial District Company (KAFFD)	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**

Bachelors in Financial Management from George Mason University, USA and MBA from London Business School, UK. Ismail currently works as the Director of Operational Performance and the Director of Direct Investment in the Middle East and North Africa (MENA) region at the Public Investment Fund (PIF). Previous roles include:

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

Company	Legal Entity	Location	Membership
Elm Information Security Company (ELM)	Joint-Stock - closed	Inside KSA	Current
The Helicopter Company	Joint-Stock - closed	Inside KSA	Current
GDC Middle East Company	Joint-Stock - closed	Inside KSA	Current
Tahakom Investments Company	Joint-Stock - closed	Inside KSA	Current
National Shipping Company (Bahri)	Joint-Stock - listed	Inside KSA	Current
Cruise Saudi Company	Joint-Stock - closed	Inside KSA	Current
National Unified Procurement Company (NUPCO)	Joint-Stock - closed	Inside KSA	Current
Kuwait Food Company (Americana)	Limited Liability Company	Outside 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 Saudi Bank for Credit and Savings
- Assistant Secretary-General for Economic Affairs and Head of the Technical Secretariat for the Council of Ministers of Transport - Arab League.
- Economic advisor undersecretary - Ministry of Finance.
- Assistant Managing Director for International Cooperation - Saudi Development Fund
- Acting CEO - 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.

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**

Bachelors in finance administration from university of Portland State University, and an MBA from Portland University, USA. Al Kadi has also participated in technical and executive training programs at several institutions, including Harvard University, Stanford

- University, INSEAD and London Business School. Previous roles include:
- Founding partner in Venture Capital, Khawarizmi Ventures.
  - CEO at Al Kadi Group Holding

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
Oqal Group	Joint-Stock - unlisted	Inside KSA	Current
Derayah Financial Company	Joint-Stock - unlisted	Inside KSA	Current

**Executive Management****Eng. Abdullah Ali Al Dubaikhi**

BSc in Electrical Engineering from King Fahd University of Petroleum and Minerals (KFUPM), Dhahran, and an MBA from the University of Oxford, UK.

Company	Membership	Location	Legal Entity
CEO of Bahri	Current	Inside KSA	Joint-Stock - listed
CEO of the Saudi Agricultural and Livestock Investment Company (SALIC)	Previous	Inside KSA	Joint-Stock - unlisted
CEO of Afwaf Investment Holding	Previous	Inside KSA	Limited Liability Company
CEO of AwalNet	Previous	Inside KSA	Limited Liability Company
CEO and Co-Founder of DowLog Technology	Previous	Inside KSA	Limited Liability Company
Projects Manager at the Saudi Industrial Development Fund	Previous	Inside KSA	Governmental Authority
Board Member of Alessa Industries	Previous	Inside KSA	Joint-Stock - closed
Board Member of Abdullah Al-Othaim Markets	Previous	Inside KSA	Joint-Stock - listed
Board Member of the International Maritime Industries Company (IMI)	Current	Inside KSA	Joint-Stock - unlisted
Board Member of Petredec Ltd.	Current	Outside KSA	Limited Liability Company
Board Member of Matarat	Current	Inside KSA	Semi-Governmental
Board Member of Mulkia Investment	Current	Inside KSA	Joint-Stock - closed
Chairman of Bahri Bolloré Logistics	Current	Inside KSA	Mixed Limited Liability Company
Chairman of Bahri Bunge Dry Bulk	Current	Outside KSA	Mixed Limited Liability Company
Board Member of Bahri Dry Bulk Company	Current	Inside KSA	Limited Liability Company
Board Member of National Chemical Carriers	Current	Inside KSA	Limited Liability Company
Chairman of SALIC UK	Previous	Outside KSA	Joint-Stock - unlisted

**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.

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 - listed
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.

Company	Membership	Location	Legal Entity
President of 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
Board Member, United Arab Shipping Co. (UASC)	Previous	Outside KSA	Joint-Stock - listed
Chairman, Audit Committee, UASC	Previous	Outside KSA	Joint-Stock - listed
Board Member, Britannia P&I	Previous	Outside KSA	Limited Liability Company

**Mr. Hisham Hussien Al Khaldi**

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

Company	Membership	Location	Legal Entity
Bahri Chief Support Officer	Current	Inside KSA	Joint-Stock - listed
Board Member - Leejam Sport Company	Current	Inside KSA	Joint-Stock - listed
Member of Human Resources and Labor Market Committee, Riyadh Chamber of Commerce	Current	Inside KSA	Governmental
Member of the Committee on the Localization of the Maritime Industry, Public Transport Authority	Current	Inside KSA	Governmental
National Maritime Academy (NMA) Board of Trustees	Current	Inside KSA	Training Academy
Director of Human Resources, Alshaya International Trading Company	Previous	Inside KSA	Limited Liability Company

**Mr. Ahmed Muhammad Al Ghaith**

Certificate in Business Administration and certified by the Ship Management Program from Acumreet Academy, UK. Mr. Al Ghaith also completed Executive Programs at the International Maritime Organization (IMO) and the International Organization for Standardization (ISO).

Company	Membership	Location	Legal Entity
President of Bahri Logistics	Current	Inside KSA	Joint-Stock - listed
Board Member of Bahri Bolloré Logistics	Current	Inside KSA	Mixed Limited Liability Company
Board Member of the National Shipping Company of Saudi Arabia (NSCSA), USA	Current	Outside KSA	Limited Liability Company

**Eng. Abdulaziz Abdulrahman Sabri**

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

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 - Technical Services of 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, 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.

Company	Membership	Location	Legal Entity
President Bahri Dry Bulk (Bahri)	Current	Inside KSA	Joint-Stock - listed
Business Digitalization Director - Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock - listed
Global Solids Supply Chain Director - Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock - listed
Polymers Sales Senior Manager - SABIC Americas, Inc	Previous	Outside KSA	Limited Liability Company
Marketing Specialist - Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock - listed
Member of the Project Committee - 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 - Federation of Saudi Chambers	Current	Inside KSA	Semi-Governmental
Member of the Shared Services (Procurement) Council - Saudi Basic Industries Corporation (SABIC)	Previous	Inside KSA	Joint-Stock - listed
Member of the Supply Chain Committee - Gulf Petrochemicals and Chemicals Association (GPCA)	Previous	Outside KSA	Non-profit Organization

**Dr. Khalid Sulaiman Al Saeed**

PhD in Economics from Durham University, UK., Executive Master's of Business Administration from Colorado University and a Bachelor's in Economics from Ohio Northern University, USA.

Company	Membership	Location	Legal Entity
Chief of Strategy at Bahri	Current	Inside KSA	Joint-Stock - listed
Chief of Strategy and Transformation at The Saudi Fund for Development	Previous	Inside KSA	Government Authority
Chief Economist and Head of Foreign Trade and Investment Policies at the Ministry of Commerce and Investment	Previous	Inside KSA	Government Authority
Senior Economist and Financial Sector Expert at the International Monetary Fund (IMF)	Previous	Outside KSA	International Financial Organization
Unit Head and Senior Manager at Samba Financial Group	Previous	Inside KSA	Joint-Stock - listed
Division Head at Bakheet Investment Group	Previous	Inside KSA	Joint-Stock - closed
Senior Financial Analyst at Saudi Arabian Mining Company (Ma'aden)	Previous	Inside KSA	Joint-Stock - listed
Financial Analyst at Riyadh Bank	Previous	Inside KSA	Joint-Stock - listed

**Mr. Claus Breitenbauch**

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

Company	Membership	Location	Legal Entity
President of Bahri Chemicals	Current	Inside KSA	Joint-Stock - listed
Managing Director at 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 at 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. Chakib Abi Saab**

Bachelor's in Business Management and an MBA in International Business from Letourneau University, USA.

Company	Membership	Location	Legal Entity
Bahri Chief Technology Officer	Current	Inside KSA	Joint-Stock - listed
Technology Advisor - Singapore's Maritime Institute	Current	Outside KSA	Governmental
Group Chief Technology Officer - OSM Maritime Group	Previous	Outside KSA	Limited Liability Company
Business Advisor and Growth Strategist - Telekom Malaysia	Previous	Outside KSA	Governmental
Chief Digital Officer - Bumi Armada Berhad	Previous	Outside KSA	Publicly Traded
Senior IT Operations Manager - Baker Hughes	Previous	Outside KSA	Publicly Traded

**Mr. Abdulaziz Mohammed Al Babtain**

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

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.

Company	Membership	Location	Legal Entity
General Counsel, 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.

With regards to 2021 dividends, the Board of Directors issued a resolution at its meeting held on 21st September 2021 on distributing cash dividends to shareholders of SAR 393.75 million for the first half of 2021, amounting to SAR 1.00 per share, and representing 10% of the capital. The Board of Directors designated a time for dividend distribution on 24th October 2021. The Board of Directors has recommended not to distribute dividends to shareholders for the second half of 2021. The Board of Directors decided in its meeting held on the 6th of February 2022 to recommend to the General Assembly of the Company to increase the capital to SAR 4,921,875,000. The increase will be through the capitalization of SAR 984,375,000 from statutory reserve. The reason for the increase is to strengthen the capital base of the Company to be matched with the size of Company assets and future projects. The proposed grant is subject to obtaining necessary approvals from official authorities and extraordinary general assembly meeting on the capital increase and number of granted shares.

## 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 notes 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.

## Our Commitment to Investors

In 2021, Bahri's 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, even throughout the COVID-19 crisis. We have worked to preserve this level of interaction and trust during the challenges faced this past year. Our team is constantly self-evaluating and looking ahead at ways we can improve for our investors, and we disclose all relevant information to them.

There are 3 Bahri IR team members, and the team is highly qualified with several investor relations certifications. These include an international certificate in Investor Relations, "ICIR," from the UK IR society, a certificate of Middle East Investor Relations Officer, "MEIRA," and Ifsah Professional exam from the Saudi Stock Exchange (Tadawul).

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. In addition, Bahri has participated in many investor conferences throughout the year.

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

## 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 2021 as the following:

- Examining the consolidated interim and annual financial statements and making necessary recommendations and examining the external auditor notes and following up to close all the notes.
- Verifying the adequacy of the internal control systems of the Company, the applied rules and procedures, tasks and reports of internal audit department. In addition to implementing the corrective action to the notes that protect the company objectives and protect the shareholders interests.
- Reviewing the results of the regulators reports and verifying the actions taken from the management to proceed it.
- Recommending to the board of directors the appointment of external auditor, determining their fees and assessing their performance,

independence, scope of work and terms of engagement.

- Reviewing 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 flaw 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 2021.

## Details of Compensation and Bonuses Paid to 5 Senior Executives Including the CEO and CFO

Item	(SAR '000s)
Salaries and compensation	9,189,741
Annual bonuses	11,973,463
In-kind compensation and benefits	245,973
End-of-service benefits	1,714,552
<b>Total</b>	<b>23,123,728</b>

The Company has committed to disclose the remuneration of the Executives in accordance with the statutory requirements mentioned in Article (93) of the Corporate Governance Regulations, and in accordance with Article (60) 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, SAR 3,750 each	-
Mideast Ship Management Ltd.	One share, SAR 306,540	-
National Chemical Carriers Company	61,000,000 shares, SAR 10 each	-
Bahri Dry Bulk Company	200,000 shares, SAR 1,000 each	-
Bahri Bollore Logistics	300,000 shares, SAR 100 each	-
Bahri Bunge Dry Bulk	18,350 shares, SAR 1,022 each	-
Petredec Limited	6,111,111 shares, SAR 21.47 each	-
International Maritime Industries	424,200 shares, SAR 3,750 each	-
National Grain Company	5,000,000 shares, SAR 10 each	-

## Bahri's Shareholder Register Requests - Dates and Reasons

Request No	Date of Request	Reason of Request
1	04 Jan 2021	Other
2	14 Feb 2021	Other
3	14 Feb 2021	Other
4	10 Mar 2021	Other
5	05 Apr 2021	Other
6	27 Apr 2021	Dividend Entitlement
7	29 Apr 2021	Corporate Action
8	02 May 2021	Other
9	01 Jun 2021	Other
10	30 Jun 2021	Other
11	02 Aug 2021	Other
12	13 Sep 2021	Other
13	05 Oct 2021	Other
14	05 Oct 2021	Dividend Entitlement

## Statutory Payments

The following table shows government payments that are paid or payable during 2021 with a brief description and justifications

Entity	Amount in SAR	Description	Reasoning
Zakat, Tax and Customs Authority (ZATCA)	117,610	Amounts imposed as Zakat and tax expenses as per the provisions and rules for Zakat and tax	Governmental requirement
General Organization for Social Insurance (GOSI)	13,392	Amounts paid or imposed as social insurance as per the law	Governmental requirement

## General Assemblies Held in 2021

The 46th Ordinary General Assembly was held on 26th April 2021 and attended by the following Board members:

- Mr. Mohammed Abdulaziz Al Sarhan
- Dr. Abdulmalik Abdullah Al Hogail
- Mr. Raid Abdullah Ismail
- Mr. Abdulrahman Mohammed Al Suhaibani
- Mr. Yasser Abdulaziz Al Kadi

## 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 except the following:

Article/Clause No.	Article/Clause Text	Non-implementation Justification
<b>Article 90 - Clause 19</b>	Geographical analysis of the Company's and its affiliates' revenues	There is no geographical analysis due to the nature of the Company's and its affiliates' work; 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.
<b>Article 70</b>	Composition of the Risk Management Committee	These articles are guidelines
<b>Article 71</b>	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.
<b>Article 72</b>	Meetings of the Risk Management Committee	This article is a guideline.
<b>Article 83</b>	Regulating the relationship with stakeholders	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.
<b>Article 85</b>	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.
<b>Article 87</b>	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
<b>Article 88</b>	Social initiatives	This article is a guideline.
<b>Article 95</b>	Formation of a Corporate Governance Committee	The Company complies with, develops, monitors the implementation of, verifies the effectiveness and amends, when necessary, its corporate governance rules.

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 some evaluation methods.
- The Company has not been subject to any sanctions or penalties of any supervisory, regulatory or judicial entity during 2021.
- 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.
- The Board of Directors hereby acknowledges that 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.

## 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)**  
**March 2021**



# Financial Statements

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## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
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 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 2021, 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 2021, 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 professional code of conduct and ethics 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 notes 4.6 and 4.16 to the consolidated financial statements for the accounting policy relating to 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 90 vessels (2020: 89 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 (2020: SAR 14.2 billion) representing approximately 64% (2020: 67%) of total assets as at 31 December 2021.</p> <p>In accordance with IAS 36 "Impairment of assets", the Group is required to assess indicators of impairment on its vessels at each reporting date. In case such indicators are identified, recoverable amounts of such vessels are required to be determined.</p> <p>As part of the Group's process to review 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"> <li>- observable indications that the vessels' value have significantly declined;</li> <li>- significant changes with an adverse effect on the Group in the technological, market, economic or legal environment in which the Group operates;</li> <li>- evidence of obsolescence or physical damage of the vessels;</li> <li>- 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;</li> <li>- reassessment of the useful life of the vessels; and</li> <li>- operating losses incurred by the vessels.</li> </ul> <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"> <li>- Assessed the process followed by the Group for the assessment of impairment indicators and recoverable amounts, where required, during the year ended 31 December 2021;</li> <li>- 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;</li> <li>- Assessed the physical condition of the Group's fleet of vessels by inspecting class certificates;</li> <li>- Inspected the vessels' inspection reports that are prepared by the External Technical Inspector which support the maintenance of vessels during the year;</li> <li>- Assessed the vessels' estimated useful life by inspecting the benchmarking report prepared by management that covers relevant industry information;</li> <li>- Assessed the adequacy of the Group's disclosures in respect of estimation of the useful life of vessels in the consolidated financial statements;</li> <li>- Confirmed the future plans for the vessels by inspecting the minutes of meetings of the Board of Directors; and</li> <li>- Inspected the operating profit and loss statement for the year for each vessel.</li> </ul>

## 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.



## Independent Auditor's Report

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

### Other Information (continued)

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.
- 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.



## 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)

- 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, related safeguards.

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, 17 March 2022  
Corresponding to 14 Shaban 1443H



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

## Consolidated statement of financial position

As at 31 December 2021

(In thousands of Saudi Riyals)

	Note	2021	2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	13,949,152	14,208,720
Projects under construction	7	1,298,464	934,426
Right of use assets	19	515,721	151,143
Intangible assets	8	454,056	497,784
Equity accounted investees	9	1,497,605	1,342,874
Other non-current financial assets	10	42,880	63,149
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17,757,878</b>	<b>17,198,096</b>
<b>CURRENT ASSETS</b>			
Inventories	11	479,858	287,721
Trade receivables and contract assets	12	1,383,509	1,035,350
Prepayments and other current assets	13	661,648	608,927
Investment in Murabaha fund at FVTPL	14	188,456	-
Cash and cash equivalents	15	1,178,269	1,975,214
<b>TOTAL CURRENT ASSETS</b>		<b>3,891,740</b>	<b>3,907,212</b>
<b>TOTAL ASSETS</b>		<b>21,649,618</b>	<b>21,105,308</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	16	3,937,500	3,937,500
Statutory reserve		1,232,034	1,232,034
Share premium		1,489,103	1,489,103
Other reserves		186	(18,306)
Retained earnings		2,754,283	3,349,350
<b>Equity attributable to equity holders of the Parent Company</b>		<b>9,413,106</b>	<b>9,989,681</b>
Non-controlling interests	32	546,891	508,755
<b>TOTAL EQUITY</b>		<b>9,959,997</b>	<b>10,498,436</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	17	4,548,020	8,073,530
Employees' end of service benefits	18	70,510	65,301
Lease liabilities	19	397,906	85,710
Derivative financial instruments		8,604	10,400
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,025,040</b>	<b>8,234,941</b>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings - current portion	17	5,060,830	827,833
Lease liabilities - current portion	19	124,700	62,530
Trade and other payables	20	1,256,584	1,257,509
Provision for zakat and income tax	21	222,467	224,059
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,664,581</b>	<b>2,371,931</b>
<b>TOTAL LIABILITIES</b>		<b>11,689,621</b>	<b>10,606,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,649,618</b>	<b>21,105,308</b>

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 2021

(In thousands of Saudi Riyals)

	Note	2021	2020
Revenue	22	5,351,075	8,393,001
Operating costs	23	(4,917,976)	(6,320,473)
<b>Gross profit before bunker subsidy</b>		<b>433,099</b>	<b>2,072,528</b>
Bunker subsidy		123,396	49,342
<b>Gross profit</b>		<b>556,495</b>	<b>2,121,870</b>
General and administrative expenses	24	(166,100)	(171,934)
Provision on trade receivables and contract assets	12	(2,032)	(63,473)
Other income/ (expenses), net	25	36,465	(20,043)
<b>Total operating profit</b>		<b>424,828</b>	<b>1,866,420</b>
Finance costs	26	(180,027)	(254,070)
Share in results of equity accounted investees	9	46,840	96,802
<b>Profit before Zakat and income tax</b>		<b>291,641</b>	<b>1,709,152</b>
Zakat and income tax	21	(58,009)	(94,329)
<b>Profit for the year</b>		<b>233,632</b>	<b>1,614,823</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the Parent Company		192,433	1,571,112
Non-controlling interests	32	41,199	43,711
		<b>233,632</b>	<b>1,614,823</b>
<b>Earnings per share (Saudi Riyal):</b>			
Basic & diluted	27	0.49	3.99

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 2021

(In thousands of Saudi Riyals)

	Note	2021	2020
<b>Profit for the year</b>		<b>233,632</b>	<b>1,614,823</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement (loss)/ gain on employees' end of service benefits	18	(1,215)	1,342
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Equity accounted investees share of OCI		19,451	(7,100)
<b>Total comprehensive income for the year</b>		<b>251,868</b>	<b>1,609,065</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company		210,925	1,565,014
Non-controlling interests		40,943	44,051
<b>Total comprehensive income for the year</b>		<b>251,868</b>	<b>1,609,065</b>

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 2021

(In thousands of Saudi Riyals)

	Note	2021	2020
<b>OPERATING ACTIVITIES</b>			
Profit for the year		233,632	1,614,823
<b>Adjustments to reconcile profit for the year to net cash flows resulted from operating activities</b>			
Depreciation of property and equipment	6	1,042,938	1,015,199
Depreciation of right of use assets	19	108,493	27,237
Amortization/ derecognition of intangible assets	8	47,282	130,375
Provision on trade receivables and contract assets	12	2,032	63,473
Finance costs	26	180,027	254,070
Share in results of equity accounted investees	9	(46,840)	(96,802)
Unrealized gain from investment in Murabaha fund at FVTPL	14	(956)	-
(Gain)/ loss on disposal of property and equipment	25	(58)	3,590
Zakat and income tax	21	58,009	94,329
Employees' end of service benefits	18	11,544	12,723
		<b>1,636,103</b>	<b>3,119,017</b>
<b>Changes in operating assets and liabilities:</b>			
Inventories		(192,137)	123,534
Trade receivables and contract assets		(350,191)	792,917
Prepayments and other current assets		(53,477)	(8,048)
Trade and other payables		10,247	136,342
<b>Cash generated from operations</b>		<b>1,050,545</b>	<b>4,163,762</b>
Finance costs paid		(177,858)	(288,705)
Zakat and income tax paid	21	(59,601)	(95,401)
Employees' end of service benefits paid	18	(7,550)	(16,869)
<b>Net cash generated from operating activities</b>		<b>805,536</b>	<b>3,762,787</b>
<b>INVESTING ACTIVITIES</b>			
Additions of property and equipment	6	(222,727)	(212,593)
Projects under construction	7	(924,683)	(1,106,041)
Additions to intangible assets	8	(3,554)	(5,684)
Proceeds from disposal of property and equipment		60	183,940
Dividends received from equity accounted investees	9	-	85,227
Investment in equity accounted investees		(88,440)	(96,267)
Investment in Murabaha fund at FVTPL	14	(187,500)	-
Other non-current financial assets		18,818	(2,233)
<b>Net cash used in investing activities</b>		<b>(1,408,026)</b>	<b>(1,153,651)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	17	1,450,349	689,225
Repayment of loans and borrowings		(742,106)	(1,324,418)
Dividends paid		(787,500)	(772,105)
Payment of lease liabilities		(112,391)	(24,813)
Non-controlling interests		(2,807)	-
<b>Net cash used in financing activities</b>		<b>(194,455)</b>	<b>(1,432,111)</b>
(Decrease)/ increase in cash and cash equivalents		(796,945)	1,177,025
Cash and cash equivalents at beginning of the year		1,975,214	798,189
<b>Cash and cash equivalents at end of the year</b>	<b>15</b>	<b>1,178,269</b>	<b>1,975,214</b>
<b>Significant non-cash transactions:</b>			
Projects under construction transferred to property and Equipment	6&7	560,645	481,757
Additions to right of use assets	19	473,071	148,940

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 2021

(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 beginning of 1 January 2020	3,937,500	1,074,923	1,489,103	(12,208)	2,722,849	9,212,167	464,704	9,676,871
Profit for the year	-	-	-	-	1,571,112	1,571,112	43,711	1,614,823
Other comprehensive income	-	-	-	(6,098)	-	(6,098)	340	(5,758)
Total comprehensive income for the year	-	-	-	(6,098)	1,571,112	1,565,014	44,051	1,609,065
Transferred to statutory reserve	-	157,111	-	-	(157,111)	-	-	-
Dividends (note 31)	-	-	-	-	(787,500)	(787,500)	-	(787,500)
Balance as at 31 December 2020	3,937,500	1,232,034	1,489,103	(18,306)	3,349,350	9,989,681	508,755	10,498,436
Balance at beginning of 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
Change in non-controlling interest	-	-	-	-	-	-	(2,807)	(2,807)
Dividends (note 31)	-	-	-	-	(787,500)	(787,500)	-	(787,500)
<b>Balance as at 31 December 2021</b>	<b>3,937,500</b>	<b>1,232,034</b>	<b>1,489,103</b>	<b>186</b>	<b>2,754,283</b>	<b>9,413,106</b>	<b>546,891</b>	<b>9,959,997</b>

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 2021

### 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 5101, Riyadh, 1142, Kingdom of Saudi Arabia.

The Company, its subsidiaries and its equity accounted investees listed below (the "Group") are primarily engaged in purchasing, sale and operating of vessels for the transportation of cargo, agencies for maritime shipping companies, cargo clearance and coordination for transport and storage on-board vessels, and all of the 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 lands, properties inside or outside the Kingdom, ownership of shares in other existing companies or merges with them and participates with others in establishing companies with similar activities or complementary activities.

The Company's capital consists of 393,750,000 shares as of 31 December 2021 and 31 December 2020. The par value per share is SAR 10.

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
		2021	2020		
NSCSA Inc. - USA	1991	100	100	Company's ship agent	USA
Mideast Ship Management Limited (DMCC)	2010	100	100	Ships technical management	UAE
National Chemical Carriers Limited Co. (NCC)	1990	80	80	Petrochemical's transportation	KSA
Bahri Dry Bulk LLC (BDB)	2010	60	60	Dry bulk transportation	KSA
Bahri Bolloré Logistics (BBL)	2017	60	60	Logistic Services	KSA
Bahri Bunge Dry Bulk DMCC*	2017	-	36	Dry bulk transportation	UAE

\* On 31 March 2020, the partners of Bahri Bunge Dry Bulk DMCC resolved to liquidate Bunge. On 18 May 2021, the liquidation process was completed and accordingly Bahri Bunge Dry Bulk DMCC has been dissolved.

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

Equity accounted investee	Date of incorporation	Effective Ownership %		Principal Activity	Location
		2021	2020		
Petredec Limited (note a)	1980	30.3	30.3	Liquefied petroleum gas transportation	Singapore
International Maritime Industries Company	2017	19.9	19.9	Maritime industries	KSA
National Grain Company (note b)	2021	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 2021

(In thousands of Saudi Riyals)

a) The Group's share in Petredec Limited results for the financial year is recorded as per latest financial statements prepared by Petredec. The difference between the latest financial statements prepared by Petredec and the Group's consolidated financial statements is two months. The fiscal year of Petredec starts on 1 September and ends on 31 August of each Gregorian year.

b) 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 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 2021, the Group operated by 90 owned vessels and 6 vessels under lease contract (31 December 2020: owned 89 vessels and 2 vessels under lease contract) operating in the following sectors:

#### Crude oil transportation sector:

Consists of 47 vessels (31 December 2020: 46 vessels) out of which, 42 very large crude carriers (VLCCs) are operating in the spot market. The Group also owns 5 product tankers, managed commercially by NCC.

#### Chemical's transportation sector:

This sector is fully operated by NCC, it owns 28 vessels and 6 vessels under lease contract (31 December 2020: 28 vessels and 2 vessels under lease contract) specialized tankers distributed as follows:

- 26 tankers that operate in the spot market.
- 3 tankers are chartered to the International Shipping and Transportation Co. Ltd., a subsidiary of Saudi Basic Industries Corporation ("SABIC"), and 5 product tankers are chartered to ARAMCO.

#### Logistics sector:

This sector consists of 6 RoCon vessels (31 December 2020: 6 vessels) operating on commercial lines between North America and Europe, and the Middle East and the Indian Subcontinent.

#### Dry bulk transportation sector:

This sector is fully operated by BDB, and it owns 9 vessels (31 December 2020: 9 vessels) specialized in transporting dry bulk cargo, 5 of them are chartered to the Arabian Agricultural Services Company (ARASCO), and 4 vessels are operated 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 2021

(In thousands of Saudi Riyals)

## 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").

The Group issued a Sukuk amounting to SAR 3,900 million in 2015 which is due to mature on 30 July 2022 and therefore has been re-classified under current liabilities in these consolidated financial statements. Accordingly, as at 31 December 2021, the Group's current liabilities exceeds its current assets by SAR 2,773 million (31 December 2020: Nil). However, management are confident that the Group will meet its obligations as and when they fall due with a combination of profit generation and financing plan. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

### 2.2. Preparation of financial statements

#### (i) Historical cost convention

The 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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.



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 2021

(In thousands of Saudi Riyals)

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 and liabilities, unrealised income and expenses and cash flows relating to transactions are eliminated in full on consolidation.

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition with fair value.

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

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 consolidated statement of profit or loss;

Reclassifies the Group's share of components previously recognized in consolidated statement of other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Company and its subsidiaries have the same reporting periods except Petredec limited (equity accounted investees) 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 period 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 result of which form the basis of making the 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. Revision 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.



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 2021

(In thousands of Saudi Riyals)

The ongoing outbreak of the coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization in March 2020. The shipping demand for oil and chemicals globally remain largely unaffected by the outbreak and as such the Group continues to operate while considering the health and safety of the workforce. The management of the Group continues to closely monitor the COVID-19 situation although at this point of time, and is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2022 or beyond. There is no change in estimates and judgements required as a result of COVID-19 assessments in these consolidated financial statements.

#### 4.2. Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on five-steps 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 for every contract 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 a good or service 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.

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

The Group satisfies a performance obligation and recognises 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 recognised at the point in time at which the performance obligation is satisfied.

Revenue is recognised when a customer obtains control of the services.

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 2021

(In thousands of Saudi Riyals)

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms
Time Charter arrangement (Time charter)	In case of time charter arrangement, the Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. Further, because the Group charge a fixed amount for each day of service provided, the Group has a right to invoice the customer in the 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 arrangement 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 to the period end date 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 recognised at the point in time when the services are rendered to the customer and the customer acknowledges the same.

In certain revenue arrangement, the Group is entitled for certain kind of variable benefits or obliged to pay for certain obligations (majorly demurrages) which is contingent upon occurrence or non-occurrence of specified event. While determining the transaction price, management estimate the transaction price which is highly probable of being recovered and not subject to reversal. These 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 issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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, 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 measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised 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.

A financial asset is measured at amortised 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.

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 2021

(In thousands of Saudi Riyals)

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.
Debt investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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 gain and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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 2021

(In thousands of Saudi Riyals)

### 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither 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.

#### 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.

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.

#### 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 and debt securities at FVOCI 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.

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 2021

(In thousands of Saudi Riyals)

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.

#### 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 consisting of bunker fuel, lubricating oils and other supplies. Inventories are measured at the lower of cost or net realizable value. Cost of the used inventories are measured by using the First-in-First-out method including bunker inventory.

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 (qualified 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 repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.



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 2021

(In thousands of Saudi Riyals)

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	6 to 25
Containers and trailers	5 to 12
Furniture and fixtures	10
Tools and office equipment	4
Motor vehicles	4 to 5
Computer equipment	4 to 6
Containers yard equipment	4 to 10

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. Dry docking assets that are left undepreciated during another dry-docking operation are charged to the consolidated statement of profit or loss during the period in which such operation is commenced.

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.

The residual values, useful lives and methods of depreciation of property and equipment 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 constructions

Projects under constructions at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets 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. Intangible assets are amortized on a straight-line basis over the estimated useful lives. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and amount can be measured reliably. Intangible assets, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets

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## Notes to the consolidated financial statements (Continued)

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with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful life and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. 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, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite life is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets mainly represent software and long-term substantial evaluation of transportation contracts, which are amortized over 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 have 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 venture are accounted using the equity method. They are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise 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 an equity accounted investee (which includes any long-term interests) that, in substance, form part of the Group's net investment in the equity accounted investees, the Group discontinues recognising its share of further losses. Additional losses are recognised 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 recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

An equity accounted investee is accounted for using the equity method from the date on which the investee becomes an associate. 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 recognised 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 recognised 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 with the equity accounted investees are recognised 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 recognises 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. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. 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.

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The lease liability is measured at amortised 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.

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 recognise 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 recognises 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 recognises 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.



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### 4.12. Foreign currency transaction

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 consolidated 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 at the functional currency spot rates of exchange at the consolidated financial statements reporting date for the group. All differences arising on settlement or translation of monetary items are taken to the statement of Profit or Loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are reclassified to consolidated statement of Profit or Loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in OCI.

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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or consolidated statement of Profit or Loss, respectively).

### 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 the transactions. The exchange differences arising on translation for consolidation 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 based on 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.

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### 4.15. Borrowing costs

Borrowing costs are directly attributed to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial year 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 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.



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### ii. Defined benefit plans

Provision is made for amounts payable to employees under the Saudi Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis. 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 net interest on the defined benefit liability are recognised 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 recognised in profit or loss on the earlier of:

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

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognises the following changes in the defined benefit obligation under 'Operating cost', and 'general and administration expenses' in the 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 or income

### 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.

### 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; a reasonable approximation of the weighted average is adequate in many circumstances.

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.

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### 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

Bunker subsidy is recognized when all attached conditions is 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 purchase in 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 operation 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, and
- 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. New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, the adoption of the following amendments to the existing standards had no significant financial impact on the consolidated financial statements of the Group on the current or prior periods and is expected to have no significant effect in future periods:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19 - Rent Concessions (Amendment to IFRS 16)

### 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.



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- 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)
- IFRS 17 Insurance Contracts.
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28).
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

### 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 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 cost	(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
<b>Gross profit</b>	<b>336,629</b>	<b>37,857</b>	<b>37,935</b>	<b>136,233</b>	<b>7,841</b>	<b>556,495</b>
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, net	18,590	4,626	6,030	337	6,882	36,465
<b>Finance cost</b>	<b>(114,300)</b>	<b>(31,086)</b>	<b>(8,806)</b>	<b>(12,129)</b>	<b>(13,706)</b>	<b>(180,027)</b>
Share in a result of an equity accounted investees	-	-	-	-	46,840	46,840
Profit before zakat & income tax	226,523	(5,279)	13,872	114,831	(58,306)	291,641

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



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Revenue from the major customers (also related parties) represented around 43% (31 December 2020: 52%) of the Group's total revenue.

31 December 2020	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Revenue	6,090,912	1,241,950	918,847	137,374	3,918	8,393,001
Operating cost	(4,261,516)	(1,053,292)	(926,270)	(79,434)	39	(6,320,473)
Bunker subsidy	38,915	1,984	8,443	-	-	49,342
<b>Gross profit</b>	<b>1,868,311</b>	<b>190,642</b>	<b>1,020</b>	<b>57,940</b>	<b>3,957</b>	<b>2,121,870</b>
General and administrative expenses	(13,728)	(14,189)	(23,210)	(7,067)	(113,740)	(171,934)
(Provision)/ reversal on trade receivables and contract assets	(28,894)	(24,611)	(11,728)	1,739	21	(63,473)
Other (expenses)/ income, net	9,154	(27,309)	539	(255)	(2,172)	(20,043)
Finance cost	(169,182)	(33,163)	(14,029)	(11,179)	(26,517)	(254,070)
Share in a result of an equity accounted investees	-	-	-	-	96,802	96,802
<b>Profit before zakat &amp; income tax</b>	<b>1,665,661</b>	<b>91,370</b>	<b>(47,408)</b>	<b>41,178</b>	<b>(41,649)</b>	<b>1,709,152</b>

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

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	<b>13,949,152</b>
Total assets	11,546,408	4,080,855	2,375,722	1,139,398	2,507,235	<b>21,649,618</b>
Total liabilities	6,459,985	2,485,103	1,098,856	644,427	1,001,250	<b>11,689,621</b>

31 December 2020	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	9,598,704	2,383,166	1,216,741	984,719	25,390	<b>14,208,720</b>
Total assets	11,333,034	3,067,141	2,257,351	1,065,851	3,381,931	<b>21,105,308</b>
Total liabilities	6,527,528	1,458,524	775,716	675,221	1,169,883	<b>10,606,872</b>

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### 6. PROPERTY AND EQUIPMENT

31 December 2021	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Containers yard equipment	Total
<b>Cost</b>									
<b>At 1 January 2021</b>	<b>64,187</b>	<b>21,612,256</b>	<b>10,380</b>	<b>12,428</b>	<b>5,004</b>	<b>3,201</b>	<b>29,677</b>	<b>14,433</b>	<b>21,751,566</b>
Additions/ transfers*	1,167	780,964	-	64	-	-	1,177	-	783,372
Disposals	-	-	(115)	(90)	(126)	(125)	(218)	(169)	(843)
<b>At 31 December 2021</b>	<b>65,354</b>	<b>22,393,220</b>	<b>10,265</b>	<b>12,402</b>	<b>4,878</b>	<b>3,076</b>	<b>30,636</b>	<b>14,264</b>	<b>22,534,095</b>
<b>Accumulated depreciation</b>									
<b>At 1 January 2021</b>	<b>45,249</b>	<b>7,438,561</b>	<b>6,458</b>	<b>8,107</b>	<b>4,253</b>	<b>1,117</b>	<b>25,001</b>	<b>14,100</b>	<b>7,542,846</b>
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)
<b>At 31 December 2021</b>	<b>48,110</b>	<b>8,473,037</b>	<b>6,882</b>	<b>8,798</b>	<b>4,437</b>	<b>2,166</b>	<b>27,320</b>	<b>14,193</b>	<b>8,584,943</b>
<b>Net book value:</b>									
<b>As at 31 December 2021</b>	<b>17,244</b>	<b>13,920,183</b>	<b>3,383</b>	<b>3,604</b>	<b>441</b>	<b>910</b>	<b>3,316</b>	<b>71</b>	<b>13,949,152</b>

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

Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 7.7 billion at 31 December 2021, are pledged against some long-term loans.

31 December 2020	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Containers yard equipment	Total
<b>Cost</b>									
<b>At 1 January 2020</b>	<b>64,174</b>	<b>21,765,154</b>	<b>10,937</b>	<b>12,925</b>	<b>4,385</b>	<b>932</b>	<b>28,618</b>	<b>14,433</b>	<b>21,901,558</b>
Additions/ transfers*	13	689,722	-	225	664	2,269	1,457	-	694,350
Disposals	-	(842,620)	(557)	(722)	(45)	-	(398)	-	(844,342)
<b>At 31 December 2020</b>	<b>64,187</b>	<b>21,612,256</b>	<b>10,380</b>	<b>12,428</b>	<b>5,004</b>	<b>3,201</b>	<b>29,677</b>	<b>14,433</b>	<b>21,751,566</b>
<b>Accumulated depreciation</b>									
<b>At 1 January 2020</b>	<b>41,162</b>	<b>7,087,240</b>	<b>6,546</b>	<b>7,871</b>	<b>4,150</b>	<b>895</b>	<b>23,013</b>	<b>13,582</b>	<b>7,184,459</b>
Charge for the year	4,087	1,006,566	469	808	148	222	2,381	518	1,015,199
Disposals	-	(655,245)	(557)	(572)	(45)	-	(393)	-	(656,812)
<b>At 31 December 2020</b>	<b>45,249</b>	<b>7,438,561</b>	<b>6,458</b>	<b>8,107</b>	<b>4,253</b>	<b>1,117</b>	<b>25,001</b>	<b>14,100</b>	<b>7,542,846</b>
<b>Net book value:</b>									
<b>As at 31 December 2020</b>	<b>18,938</b>	<b>14,173,695</b>	<b>3,922</b>	<b>4,321</b>	<b>751</b>	<b>2,084</b>	<b>4,676</b>	<b>333</b>	<b>14,208,720</b>

\* During 2020, four new vessels and other equipment were received and capitalized amounting to SAR 482 million which was transferred from projects under construction (note 7).

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### 7. PROJECTS UNDER CONSTRUCTIONS

The movement in projects under constructions is as follows:

	2021	2020
Beginning balance	934,426	310,142
Additions	924,683	1,106,041
Transferred to property and equipment	(560,645)	(481,757)
<b>Ending balance</b>	<b>1,298,464</b>	<b>934,426</b>

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 total cost of SAR 760 million, for supplying desalinated water from floating mobile stations to the desalination plants tanks. The construction commenced from January 2020 and the operation is expected to commence during the first half of the year 2022.

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 first quarter of 2022 until the first quarter of 2023.

### 8. INTANGIBLE ASSETS

Intangible assets majorly represent software and the long-term substantial evaluation of 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.

	2021	2020
<b>Cost</b>		
Opening balance	827,401	940,705
Additions	3,554	5,684
Derecognition	(515)	(118,988)
<b>Ending balance</b>	<b>830,440</b>	<b>827,401</b>
<b>Accumulated amortization</b>		
Opening balance	329,617	318,230
Charge for the year	47,282	130,375
Derecognition	(515)	(118,988)
<b>Ending balance</b>	<b>376,384</b>	<b>329,617</b>
<b>Net book value</b>	<b>454,056</b>	<b>497,784</b>

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### 9. EQUITY ACCOUNTED INVESTEEES

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

	Note	2021	2020
Petredec Limited	9.1	1,314,471	1,169,954
International Maritime Industries Company (IMI)	9.2	164,551	172,920
National Grain Company (NGC)	9.3	18,583	-
		<b>1,497,605</b>	<b>1,342,874</b>

The share in results of equity accounted investees as at 31 December is as follows:

31 December 2021	Note	2021	2020
Share of profit in Petredec Limited	9.1	123,753	167,514
Share of loss in IMI	9.2	(70,496)	(70,712)
Share of loss in NGC	9.3	(6,417)	-
		<b>46,840</b>	<b>96,802</b>

#### 9.1. Petredec Limited

The movement of investment in Petredec Limited as at 31 December is as follows:

	2021	2020
Beginning balance	1,169,954	1,094,767
Dividends received during the year	-	(85,227)
Share of:		
Profit for the year	123,753	167,514
Other comprehensive income/ (loss) for the year	20,764	(7,100)
<b>Ending balance</b>	<b>1,314,471</b>	<b>1,169,954</b>

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

	Oct 2021	Oct 2020
Current assets	3,229,163	3,220,474
Non-current assets	6,513,831	6,783,255
Current liabilities	(2,003,641)	(2,132,374)
Non-current liabilities	(3,591,093)	(4,233,365)
<b>Net assets before non-controlling interest</b>	<b>4,148,260</b>	<b>3,637,990</b>
Non-controlling interest	(72,834)	(38,116)
<b>Net assets</b>	<b>4,075,426</b>	<b>3,599,874</b>
Group's share in net assets (30.30%)	1,234,978	1,090,871
Goodwill	79,083	79,083
<b>Carrying amount of investment in equity accounted investees</b>	<b>1,314,471</b>	<b>1,169,954</b>
Revenue	16,042,181	15,206,100
Profit before non-controlling interest	496,102	537,152
Non-controlling interest	(19,196)	(7,932)
<b>Total comprehensive income for the year</b>	<b>476,906</b>	<b>529,220</b>
<b>Group's share of total comprehensive income (30.30%)</b>	<b>144,517</b>	<b>160,414</b>

The equity accounted investees have SAR 2.15 billion contingent liabilities and capital commitments as at 31 October 2021 (31 October 2020: SAR 638 million).

#### 9.2. International Maritime Industries Company

International Maritime Industries Company (IMI) was established in KSA with capital of SAR 1,107 million between the Company, ARAMCO, Hyundai Heavy Industries (South Korean Company) and Lamprell Power Company Limited (a UAE-based Company). The Group's share in the established Company represents 19.9%.

The movement of investment in IMI as at 31 December is as follows:

	2021	2020
Beginning balance	172,920	147,365
Additional paid in capital	63,440	96,267
Share in loss for the year	(70,496)	(70,712)
Share in other comprehensive loss for the year	(1,313)	-
<b>Ending balance</b>	<b>164,551</b>	<b>172,920</b>

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

	2021	2020
Current assets	1,523,505	1,799,895
Non-current assets	1,452,401	879,450
Current liabilities	(939,656)	(814,114)
Non-current liabilities	(1,099,020)	(908,681)
<b>Net assets</b>	<b>937,230</b>	<b>956,550</b>
Group's share in net assets (19.9%)	164,551	172,920
<b>Carrying amount of investment in equity accounted investees</b>	<b>164,551</b>	<b>172,920</b>
Revenue	673,703	586,084
<b>Total comprehensive loss for the year</b>	<b>(302,123)</b>	<b>(259,046)</b>
<b>Group's share of total comprehensive loss (19.9%)</b>	<b>(71,809)</b>	<b>(70,712)</b>

### 9.3. National Grain Company (NGC)

The movement of investment in NGC as at 31 December is as follows:

	2021	2020
Additional paid in capital	25,000	-
Share in loss for the year	(6,417)	-
Ending balance	18,583	-

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

	2021	2020
Current assets	30,163	-
Non-current assets	83,703	-
Current liabilities	(76,700)	-
<b>Net assets</b>	<b>37,166</b>	<b>-</b>
Group's share in net assets (50%)	18,583	-
<b>Carrying amount of investment in equity accounted investees</b>	<b>18,583</b>	<b>-</b>
Revenue	141	-
<b>Loss for the year</b>	<b>(12,834)</b>	<b>-</b>
<b>Group's share of total comprehensive loss (50%)</b>	<b>(6,417)</b>	<b>-</b>

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### 10. OTHER NON-CURRENT FINANCIAL ASSETS

The balance of other non-current financial assets includes the derivatives is as follow:

	2021	2020
Non-current trade receivables	28,360	47,266
Equity securities at FVOCI	7,334	7,334
Derivatives	7,102	8,466
Investment in government bonds	84	83
	<b>42,880</b>	<b>63,149</b>

### 11. INVENTORIES

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

	2021	2020
Fuel	426,091	238,096
Lubricant	46,231	42,440
Others	7,536	7,185
	<b>479,858</b>	<b>287,721</b>

### 12. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivable and contract assets include the following items:

	2021	2020
Trade receivables	640,668	670,301
Due from related parties (note 28)	689,316	395,564
	<b>1,329,984</b>	<b>1,065,865</b>
Contract assets (unbilled revenue)	247,993	165,432
	<b>1,577,977</b>	<b>1,231,297</b>
Less: Provision on trade receivables and contract assets (note a)	(194,468)	(195,947)
<b>Trade receivables and contract assets, net</b>	<b>1,383,509</b>	<b>1,035,350</b>

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

	2021	2020
Opening balance	195,947	132,921
Change for the year	2,032	63,473
Write-off	(3,511)	(447)
<b>Ending balance</b>	<b>194,468</b>	<b>195,947</b>

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Included in trade receivables amounts due from Government entities amounting to SAR 189 million as at 31 December 2021 (31 December 2020: SAR 297 million). These amounts represent 13% of the net trade receivables as at 31 December 2021 (31 December 2020: 29%). 52% (31 December 2020: 59%) 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:

	2021	2020
Advances to suppliers	264,115	225,857
Recoverable bunker cost	220,657	135,032
Insurance claims	65,740	83,661
Prepaid expenses	53,572	76,869
Employees advances	11,351	11,104
Refundable deposits	7,535	15,779
Others	38,678	60,625
	<b>661,648</b>	<b>608,927</b>

### 14. INVESTMENT IN MURABAHA FUND AT FVTPL

	2021	2020
Cost	187,500	-
Unrealized gain	956	-
<b>Fair value</b>	<b>188,456</b>	<b>-</b>

The cost of the investment is USD 50 million (equivalent to SAR 187.5 million) which represents a purchase of 18,326,094 units a Murabaha Fund with an average unit price of USD 2.7284.

### 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:

	2021	2020
Bank balances and cash	882,815	458,040
Murabaha and short-term deposits (Note 15.1)	295,454	1,517,174
<b>Cash and cash equivalents in consolidated statement of cash flows</b>	<b>1,178,269</b>	<b>1,975,214</b>

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### 15.1 Murabaha and Short-Term Deposits

Murabaha and short-term deposit comprise of the following:

	2021	2020
Murabaha and short - term deposits in USD	93,762	960,762
Murabaha and short - term deposits in Saudi Riyals	201,692	556,412
	<b>295,454</b>	<b>1,517,174</b>

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

### 16. SHARE CAPITAL

The Company's share capital is comprised of 393,750 thousand shares issued and fully paid with a par value of SAR 10 per share. Total authorized, issued, and outstanding share capital is SAR 3,937,500,000 as at 31 December 2021 and 31 December 2020 (see note 33).

### 17. LOANS AND BORROWINGS

	Note	2021	2020
Sukuk	17.1	3,900,000	3,900,000
Murabaha borrowings	17.2	5,646,195	4,999,139
Commercial borrowings	17.3	18,156	54,469
<b>Total loans and borrowings</b>		<b>9,564,351</b>	<b>8,953,608</b>
Less: Total current portion		(4,963,330)	(827,833)
<b>Non-current loan and borrowings</b>		<b>4,601,021</b>	<b>8,125,775</b>
Less: prepaid financing		(53,001)	(52,245)
<b>Net non-current loans and borrowings</b>		<b>4,548,020</b>	<b>8,073,530</b>
Short-term loans	17.4	97,500	-
Current portion of long-term loans		4,963,330	827,833
<b>Loans and borrowings - Current Liabilities</b>		<b>5,060,830</b>	<b>827,833</b>
<b>Loans and borrowings - Non-Current Liabilities</b>		<b>4,548,020</b>	<b>8,073,530</b>
		<b>9,608,850</b>	<b>8,901,363</b>

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### 17.1 Sukuk

On 14 Shawwal 1436H (corresponding to 30 July 2015), the Company completed the issuance and offering of local Sukuk denominated in Saudi Riyal for public offering with nominal value amounted 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 1 Muharram 1444H (corresponding to 30 July 2022) and accordingly the Sukuk has been reclassified to current liabilities (see note 2.1).

### 17.2 Murabaha borrowings

The Group utilized existing long-term loans during the year ended 31 December 2021 amounting to SAR 1,353 million (31 December 2020: SAR 499 million). Loans are secured by promissory notes and mortgages against vessels. These loans are repayable over 10 years on quarterly or semi-annual basis. The loans carry commission at normal commercial rates. Balance of loans against which profit to be paid based on LIBOR as at 31 December 2021 is SAR 2,149 million (31 December 2020: SAR 2,165 million) and balance of loans against which profit to be paid based on SIBOR at the end of 31 December 2021 is SAR 3,497 million (31 December 2020: SAR 2,834 million). Balance in prepaid financing account related to Murabaha loans at the end of 31 December 2021 is SAR 53 million (31 December 2020: SAR 52 million).

### 17.3 Commercial borrowings

The Group did not obtain any additional commercial loans during year ended 31 December 2021 (31 December 2020: Nil). The existing loan is secured by mortgages against vessels. This loan is repayable over 10 years on semi-annual basis carrying special commission at LIBOR plus normal commercial margin. Balance of the loan against which profit to be paid based on LIBOR as of 31 December 2021 are SAR 18 million (31 December 2020: SAR 54 million).

### 17.4 Short Term Borrowings

The Group obtained a short-term loan during year ended 31 December 2021 amounting to SAR 97.5 million (31 December 2020: SAR 190 million). The total repayment against short term loan during the year ended 31 December 2021 is Nil (31 December 2020: SAR 450 million). The existing loans were utilized to meet working capital requirements during the year.

### 17.5 Covenants

Borrowing's 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.

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### 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.

	2021	2020
<b>Opening balance</b>	<b>65,301</b>	<b>70,789</b>
Current service cost	10,818	10,852
Interest cost	726	1,871
<b>Total cost charged for the year</b>	<b>11,544</b>	<b>12,723</b>
Benefits paid	(7,550)	(16,869)
Re-measurement loss/ (gain) on defined benefit plans	1,215	(1,342)
<b>Ending balance</b>	<b>70,510</b>	<b>65,301</b>

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

	2021	2020
Discount rate	2.40%	1.18%
Withdrawal rate - for the first two years of service	12.50%	12.50%
Withdrawal rate - third year of service and above	12.50%	12.50%
Future salaries increase - for the first three years	4.90%	3.68%
Future salaries increase - fourth year and after	4.90%	3.68%

A quantitative sensitivity analysis for significant assumptions on the defined benefit plans are shown below:

	2021	2020
<b>Discount rate</b>		
0.5 % increase	(2,138)	(1,991)
0.5% decrease	2,267	2,114
<b>Withdrawal rate</b>		
10% increase	(1,030)	(890)
10% decrease	1,078	1,004
<b>Future salary increases</b>		
1% increase	4,867	4,426
1% decrease	(4,418)	(4,213)

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 analyses 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.



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### 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

	2021	2020
Balance at 1 January	151,143	29,440
Additions	473,071	148,940
Depreciation charge for the year	(108,493)	(27,237)
<b>Balance at 31 December</b>	<b>515,721</b>	<b>151,143</b>

##### ii. Lease liabilities

	2021	2020
Non-current	397,906	85,710
Current	124,700	62,530
	<b>522,606</b>	<b>148,240</b>

##### iii. Amounts recognised in consolidated statement of profit or loss

	2021	2020
Interest on lease liabilities (note 26)	13,425	488
Expenses relating to short-term leases (note 24)	9,109	10,030

### 20. TRADE AND OTHER PAYABLES

	2021	2020
Trade payables	789,410	410,352
Accrued expenses	365,918	296,818
Unclaimed dividends	63,926	64,995
Due to related parties (note 28)	-	447,099
Others	37,330	38,245
	<b>1,256,584</b>	<b>1,257,509</b>

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### 21. ZAKAT AND INCOME TAX

The Group's zakat is based on 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 breakup of zakat and income tax charge for the year is as follows:

	2021	2020
Zakat and income tax	58,009	155,342
Reversal of deferred tax*	-	(61,013)
<b>Ending balance</b>	<b>58,009</b>	<b>94,329</b>

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

	2021	2020
Opening balance	224,059	164,118
Provided for the year	58,009	155,342
Payments during the year	(59,601)	(95,401)
<b>Ending balance</b>	<b>222,467</b>	<b>224,059</b>

The movement in the provision for deferred tax is as follows:

	2021	2020
Opening balance	-	61,013
Reversal*	-	(61,013)
<b>Ending balance</b>	<b>-</b>	<b>-</b>

\*Pursuant to Royal Decree M\153 amending Article 2(a) of the Saudi Arabian Income Tax Law during 2020, shares in the Kingdom of Saudi Arabia's resident listed companies held, directly or indirectly, by oil and hydrocarbon producing companies are subject to Zakat rather than income tax. Accordingly, this resulted in reversal of deferred tax liabilities of SAR 68 million relating to Saudi Aramco's owned interest in the Company.

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

The Company has filed its Zakat returns up to 2020 and obtained the Zakat certificate, however, no assessment has been received from ZATCA for the said year.

The Company has received the final 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 has submitted an appeal against the assessments and further escalated the appeal to the General Secretariate of Tax Committees ("GSTC") and a response is awaited.

In addition, ZATCA raised 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 revised assessment which has been escalated by the Company to the GSTC. The Committee for Resolution of Tax Violations and Disputes "CRTVD" within GSTC has issued its decision by adjusting the assessment. The company has further escalated the appeal to Appellate Committee for Tax Violations and Disputes Resolution "ACTVDR" and awaiting their response. Management believes that adequate provision has been made against any potential Zakat and tax liabilities.



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

NCC has filed its Zakat returns up to 2020 and obtained Zakat certificate, Zakat status for all the years up to 2004 is finalized with ZATCA. NCC has received the Zakat assessment for the years from 2009 to 2012 claiming additional payments of SAR 46.8 million. NCC has paid the additional claim and closed the years with ZATCA.

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 Zakat status for the year 2018 with ZATCA.

NCC did not receive from ZATCA the Zakat assessments for the years from 2013 to 2017 and 2019 to 2020. 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 2020. BDB has received the Zakat assessment for the years from 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 Secretariate 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 2020 and finalized the assessment up to the year 2018 with ZATCA.

## 22. REVENUE

	2021	2020
Spot	4,145,843	5,159,280
Charter hire	392,030	1,805,616
Freight forwarding	359,372	832,800
Time Charter	340,953	423,932
Others	112,877	171,373
	<b>5,351,075</b>	<b>8,393,001</b>

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## 23. OPERATING EXPENSES

	2021	2020
Fuel & lubricants	1,615,064	1,266,226
Depreciation and amortization	1,086,164	956,200
Employees' salaries and benefits	647,626	647,833
Ports and Agencies charge	489,653	437,999
Ship running expenses	450,809	1,913,173
Repairs and maintenance	245,840	410,800
Freight forwarding expenses	115,748	453,114
Other operating expenses	267,072	235,128
	<b>4,917,976</b>	<b>6,320,473</b>

## 24. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Employees' salaries and benefits	107,224	121,889
Professional, legal and consultation fees	16,008	13,289
Marketing and communication	14,673	6,444
Maintenance	11,885	7,108
Rent	9,109	10,030
Depreciation	3,449	4,870
Others	3,752	8,304
	<b>166,100</b>	<b>171,934</b>

## 25. OTHER INCOME/ (EXPENSES), NET

	2021	2020
Recovered claims	19,676	-
Finance income	1,513	1,324
Gains/ (loss) on disposal of property and equipment	58	(3,590)
Donations	-	(9,997)
Others	15,218	(7,780)
	<b>36,465</b>	<b>(20,043)</b>

## 26. FINANCE COSTS

	2021	2020
Murabaha financing	98,055	143,090
Saudi Riyal sukuk	68,613	101,877
Lease interest	13,425	488
Commercial loans	279	1,874
Derivatives re-valuation	(345)	6,741
	<b>180,027</b>	<b>254,070</b>



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### 27. EARNINGS PER SHARE

	2021	2020
Profit for the year attributable to equity holders of the Parent Company	192,433	1,571,112
Weighted average number of ordinary shares outstanding during the year	393,750	393,750
Earnings per share - Basic and Diluted (Saudi Riyals)	0.49	3.99

### 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 major transactions with related parties during the year were as follows:

Related parties	Nature of the transaction	2021	2020
ARAMCO and its subsidiaries - shareholder	Operating revenue	1,878,115	3,806,407
SABIC and its subsidiaries - affiliate	Operating revenue	311,670	460,894
Saudi Electricity Company - affiliate	Operating revenue	-	180,001
Arabian Agricultural Services Company (ARASCO) - affiliate	Operating revenue	134,413	113,030

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

	2021	2020
ARAMCO and its subsidiaries	625,550	344,400
SABIC and its subsidiaries	62,817	30,155
Saudi Electricity Company	-	21,002
Arabian Agricultural Services Company (ARASCO)	949	7
	<b>689,316</b>	<b>395,564</b>

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

	2021	2020
Loan from Public Investment fund (PIF) - shareholder	102,531	183,844
ARAMCO and its subsidiaries (note 20)	-	447,099

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Compensation of key management personnel:

	2021	2020
Salaries and compensations - current	26,035	23,259
End of service award - non current	3,031	2,493
<b>Total compensation</b>	<b>29,067</b>	<b>25,752</b>

### 29. FINANCIAL INSTRUMENTS

#### 29.1. Financial Assets

	Note	2021	2020
<b>Financial assets at fair value</b>			
<b>Derivatives not designated as hedging instruments:</b>			
CAP commission options	10	7,102	8,466
<b>Financial assets at fair value through P&amp;L</b>			
Investment in Murabaha fund at FVTPL	14	188,456	-
<b>Financial assets at fair value through OCI</b>			
Unquoted equity shares	10	7,334	7,334
<b>Total financial assets at fair value</b>		<b>202,892</b>	<b>15,800</b>
<b>Financial assets at amortized cost</b>			
Other non-current financial assets	10	28,444	47,349
Trade receivables and contract assets	12	1,383,509	1,035,350
Other current financial assets		228,192	150,811
Cash and cash equivalent	15	1,178,269	1,975,214
<b>Total financial assets at amortized cost</b>		<b>2,818,414</b>	<b>3,208,724</b>
<b>Total financial assets</b>		<b>3,021,306</b>	<b>3,224,524</b>

#### 29.2. Financial Liabilities

	Note	2021	2020
<b>Financial liabilities at fair value</b>			
Derivative financial instruments		8,604	10,400
<b>Financial liabilities at amortized cost</b>			
Loans and borrowings	17	9,608,850	8,901,363
Trade and other payables	20	1,256,584	1,257,509
Lease liabilities	19	522,606	148,240
<b>Total financial liabilities at amortized cost</b>		<b>11,388,040</b>	<b>10,307,112</b>
<b>Total financial liabilities</b>		<b>11,369,644</b>	<b>10,317,512</b>

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### 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 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).

The Group has derivative financial instruments consisting of commission rate options agreements to hedge against fluctuations in commission rates. The 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:

	2021			Total
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	
<b>FVOCI – equity instrument:</b>				
Unquoted equity shares	-	-	7,334	<b>7,334</b>
<b>Financial instruments measured at FVTPL</b>				
Investment in Murabaha fund at FVTPL	188,456	-	-	<b>188,456</b>
CAP commission option				
Assets	-	7,102	-	<b>7,102</b>
Liabilities	-	8,604	-	<b>8,604</b>

	2020			Total
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	
<b>FVOCI – equity instrument:</b>				
Unquoted equity shares	-	-	7,334	<b>7,334</b>
<b>Financial instruments measured at FVTPL</b>				
CAP commission option				
Assets	-	8,466	-	<b>8,466</b>
Liabilities	-	10,400	-	<b>10,400</b>

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

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### 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, 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 equivalent, other non-current financial assets, trade receivables and contract assets, loans and borrowings, trade and other payables, lease liabilities, derivative financial instruments.

Financial assets and liabilities are netted together and shown as a net amount, if the Group has the legal right to do so and the intention is to either settle on the net or recognize the assets and liabilities simultaneously. Higher 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. 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 2021 and 2020:

	Weighted average loss rate		Gross carrying amount		Impairment allowance	
	2021	2020	2021	2020	2021	2020
Less than 6 months	8%	2%	899,158	697,964	73,721	15,182
From 6 months to 12 months	7%	2%	584,280	281,882	38,498	5,782
More than 12 months	87%	70%	94,539	251,451	82,249	174,981
<b>Total</b>			<b>1,577,977</b>	<b>1,231,297</b>	<b>194,468</b>	<b>195,945</b>



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### 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:

	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	5,761,851	295,786	865,044	3,459,744	1,141,277
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
	<b>11,396,644</b>	<b>11,474,857</b>	<b>296,610</b>	<b>6,147,108</b>	<b>3,854,760</b>	<b>1,176,379</b>

	2020					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	5,001,363	5,053,608	166,344	661,489	2,871,842	1,353,933
Sukuk	3,900,000	3,900,000	-	-	3,900,000	-
Lease liabilities	148,240	162,135	-	64,414	93,573	4,148
Trade and other payables	1,257,509	1,257,509	65,842	1,191,667	-	-
Derivative financial instrument	10,400	10,088	638	846	6,770	1,834
	<b>10,317,512</b>	<b>10,383,340</b>	<b>232,824</b>	<b>1,918,416</b>	<b>6,872,185</b>	<b>1,359,915</b>

The Group has unutilized credit facilities of SAR 2,362 million as at 31 December 2021 (31 December 2020: SAR 2,350 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 other 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,

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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.

	2021	2020
<b>Profit rate</b>		
Increase by 100 base points	95,644	89,536
Decrease by 100 base points	(95,644)	(89,536)

#### 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.

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.



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	2021	2020
Loans and borrowings	9,661,851	8,953,608
Trade and other payables (note 20)	1,256,584	1,257,509
Lease liabilities (note 19)	522,606	148,240
Less: Cash and cash equivalent (note 15)	(1,178,269)	(1,975,214)
<b>Net Debt</b>	<b>10,262,772</b>	<b>8,384,143</b>
Total equity	9,959,974	10,498,436
<b>Total capital</b>	<b>9,959,974</b>	<b>10,498,436</b>
<b>Capital and net debt</b>	<b>20,222,746</b>	<b>18,882,579</b>
Gearing ratio	51%	44%

### 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 1,207 million as of 31 December 2021 (31 December 2020: SAR 1,795 million).

The Group signed an agreement on 30 May 2017 with Saudi Arabian Oil Company (ARAMCO), Hyundai Heavy Industries Ltd. (South Korea) and Lamprell Power Company Limited (UAE) to enter into a partnership for the establishment, development, and operation of maritime yard in Ras Al Khair City named International Maritime Industries Company (IMI). The partners injections will total to SAR 2.985 billion (USD 700 million) of the project cost. As of 31 December 2021, the injected capital from partners was SAR 1.846 billion (USD 492.2 million).

The ownership in IMI is as follows; ARAMCO (50.1%), The National Shipping Company of Saudi Arabia (19.9%), Lamprell Power Company Limited (20%), and Hyundai Heavy Industries (10%). 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 350 million as at 31 December 2021 (31 December 2020: SAR 344 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, lease certain vessels to a related party based on time charter agreement.

The future amounts receivable under this lease agreement are as follow:

	2021	2020
Within one year	294,401	359,968
After one year but not more than five years	777,183	949,752
More than five years	-	65,549
	<b>1,071,584</b>	<b>1,375,269</b>

Income from time charter agreements under operating lease amounted to SAR 341 million for the year ended 31 December 2021 (31 December 2020: SAR 424 million).

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### 31. DIVIDENDS

The General Assembly of the shareholders of the Company approved in its meeting held on 20th April 2020 the distribution of cash dividends of SAR 394 million to the shareholders for the 2nd half of the financial year ended 31 December 2019, amounted to SAR 1 per share. These dividends have been paid on 10th of May 2020.

The Board of Directors decided in its meeting held on 21st of September 2020 to distribute cash dividends of SAR 394 million to the shareholders for the 1st half of the financial year 2020 amounted to SAR 1 per share. These dividends have been paid on 22nd of October 2020.

The General Assembly of the shareholders of the Company approved in its meeting held on 26th April 2021 the distribution of cash dividends of SAR 394 million to the shareholders for the 2nd half of the financial year ended 31 December 2020, amounted to SAR 1 per share. These dividends have been paid on 9th of 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 amounted to SAR 1 per share. These dividends have been paid on 24th of 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:

2021	National Chemical Carrier Company Limited	Bahri Dry Bulk LLC	Bahri Bolloré 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
<b>Net assets attributable to non-controlling interests</b>	<b>319,150</b>	<b>197,989</b>	<b>29,752</b>	<b>546,891</b>
Revenue	1,174,764	253,485	174,801	1,603,050
(Loss)/ profit	(12,869)	107,280	2,151	96,562
Non-controlling interests relating to the subsidiary	-	-	-	-
<b>Profit attributable to non-controlling interests</b>	<b>(2,573)</b>	<b>42,912</b>	<b>860</b>	<b>41,199</b>



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2020	National Chemical Carrier Company Limited	Bahri Dry Bulk LLC & its subsidiary	Bahri Bolloré Logistics	Total
Non-controlling interest Percentage	20%	40%	40%	
Non-current assets	2,825,359	997,428	634	3,823,421
Current assets	241,782	68,423	125,744	435,949
Non-current liabilities	(924,133)	(590,979)	(4,353)	(1,519,465)
Current liabilities	(534,390)	(87,049)	(49,287)	(670,726)
Net assets	1,608,618	387,823	72,738	2,069,179
Non-controlling interests relating to the subsidiary	-	2,808	-	2,808
<b>Net assets attributable to non-controlling interests</b>	<b>321,723</b>	<b>157,937</b>	<b>29,095</b>	<b>508,755</b>
Revenue	1,241,950	137,374	337,513	1,716,837
Profit	76,725	37,981	31,139	145,845
Non-controlling interests relating to the subsidiary	-	719	-	719
<b>Profit attributable to non-controlling interests</b>	<b>15,345</b>	<b>15,911</b>	<b>12,455</b>	<b>43,711</b>

### 33. SUBSEQUENT EVENTS

The Board of Directors decided in its meeting held on the 6th of February 2022 to recommend to the General Assembly of the Company to increase the capital to SAR 4,921,875,000. The increase will be through the capitalization of SAR 984,375,000 from statutory reserve. The reason for the increase is to strengthen the capital base of the Company to be matched with the size of Company assets and future projects.

In the opinion of the management, except for the above event, there have been no significant subsequent events since the year ended 31 December 2021 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 2021 on their meeting held on 13 Shaban 1443H (corresponding to 16th March 2022).





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