

**SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A SAUDI CLOSED JOINT STOCK COMPANY)**

CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2022 AND REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Condensed interim financial information (Unaudited)
For the three-month and nine-month periods ended September 30, 2022

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Report on review of condensed interim financial information

To the shareholders of Saudi Aramco Base Oil Company - Luberef
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Saudi Aramco Base Oil Company - Luberef (the "Company") as of September 30, 2022 and the related condensed interim statement of comprehensive income for the three-month and nine-month periods then ended, and the condensed interim statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Emphases of matter

We draw attention to:

- Note 2.1 to the accompanying condensed interim financial information, which describes that the accompanying condensed interim financial information as of and for the three-month and nine-month periods ended September 30, 2022 has been prepared for inclusion in the Company's initial public offering documents to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia and should not be used for any other purpose.
- Note 3 and Note 23 to the accompanying condensed interim financial information which explains the key accounting judgement with respect to the revenue recognition and the basis thereof and the resultant impact of the restatement on the Company's financial statements for the years ended December 31, 2019, 2020 and 2021. Based on the Company's assessment of the revenue recognition criteria for sale of certain products to the majority shareholder, the Company has determined that certain sales that were previously being netted against the cost of revenue should now be presented as revenue in the statement of comprehensive income for the years then ended.

Our conclusion is not modified in respect of the above matters.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447



November 10, 2022

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Condensed interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at September 30, 2022 (Unaudited)	As at December 31, 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	4,918,092,243	5,122,445,742
Right-of-use assets	5	96,183,356	101,611,090
Intangible assets		15,670,979	17,383,652
Employees' home ownership receivables		1,371,996	2,594,973
Loans to employees		7,974,940	11,900,415
Total non-current assets		5,039,293,514	5,255,935,872
Current assets			
Inventories	6	695,271,757	710,061,874
Trade receivables	7	1,074,478,115	862,677,645
Prepayments and other assets		50,684,970	40,415,231
Short-term deposit	8	-	145,726,030
Cash and cash equivalents	9	1,653,276,668	1,349,486,502
Total current assets		3,473,711,510	3,108,367,282
Total assets		8,513,005,024	8,364,303,154
Equity and liabilities			
Equity			
Share capital	10	1,687,500,000	441,000,000
Statutory reserve		341,988,971	220,500,000
Retained earnings		2,322,331,577	3,583,046,248
Total equity		4,351,820,548	4,244,546,248
Liabilities			
Non-current liabilities			
Long-term borrowings	12	2,019,375,000	2,103,750,000
Lease liabilities	5	100,602,915	107,534,518
Employee benefit obligations		284,385,991	321,669,581
Deferred tax liabilities	19	191,767,600	54,846,570
Other non-current liabilities		44,569,692	38,174,003
Total non-current liabilities		2,640,701,198	2,625,974,672
Current liabilities			
Trade and other payables	13	1,109,231,092	1,086,671,015
Accrued expenses and other liabilities	14	120,326,443	105,077,133
Current portion of long-term borrowings	12	191,554,257	146,250,000
Lease liabilities	5	6,181,710	5,268,474
Zakat and income tax payable	19	93,189,776	150,515,612
Total current liabilities		1,520,483,278	1,493,782,234
Total liabilities		4,161,184,476	4,119,756,906
Total equity and liabilities		8,513,005,024	8,364,303,154

The accompanying notes form an integral part of this condensed interim financial information.

 Ibrahim Qassim Al Buainain Chairman of the Board	 Tareq Abdulaziz Al Naim President & Chief Executive Officer	 Mohammed A. Al Nafea Chief Financial Officer
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SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Condensed interim statement of comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30,		Nine-month period ended September 30,	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue	16	2,721,821,049	2,378,597,498	8,805,059,136	6,430,791,857
Cost of revenue	17	(2,071,878,842)	(1,768,890,683)	(7,055,354,476)	(4,726,752,235)
Gross profit		649,942,207	609,706,815	1,749,704,660	1,704,039,622
Selling and distribution expenses		(26,396,216)	(29,501,560)	(71,843,782)	(79,422,847)
General and administrative expenses	18	(40,502,759)	(37,036,404)	(148,752,907)	(126,832,898)
Other (expense) income - net		(13,012,165)	(37,437)	(6,381,279)	1,350,316
Fair value (loss) gain on derivative financial instruments	14	-	(120,721)	6,335,789	6,950,764
Operating profit		570,031,067	543,010,693	1,529,062,481	1,506,084,957
Finance income		8,142,414	1,736,309	14,911,879	3,551,393
Finance costs		(24,043,934)	(29,628,154)	(49,886,644)	(56,352,781)
Profit before zakat and income tax		554,129,547	515,118,848	1,494,087,716	1,453,283,569
Zakat and income tax	19	(79,344,354)	(55,741,997)	(279,198,000)	(171,577,351)
Profit for the period		474,785,193	459,376,851	1,214,889,716	1,281,706,218
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss:</i>					
Re-measurement (loss) gain on defined benefit liabilities		-	(9,331,517)	20,214,633	(27,994,553)
Deferred tax relating to remeasurement (loss) gain		-	1,323,769	(2,830,049)	3,971,307
		-	(8,007,748)	17,384,584	(24,023,246)
Total comprehensive income for the period		474,785,193	451,369,103	1,232,274,300	1,257,682,972
Basic and diluted earnings per share	11	2.81	2.72	7.20	7.60

The accompanying notes form an integral part of this condensed interim financial information.


Ibafhim Qassim Al Buainain
Chairman of the Board


Tareq Abdulaziz Al Nuaim
President & Chief Executive Officer


Mohammed A. Al Nafea
Chief Financial Officer

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Condensed interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	<u>Saudi Aramco*</u>	<u>JIIC**</u>	<u>Total</u>
Share capital			
Balance at January 1, 2021, September 30, 2021 and January 1, 2022	308,700,000	132,300,000	441,000,000
Increase in share capital	872,550,000	373,950,000	1,246,500,000
Balance at September 30, 2022 (Unaudited)	1,181,250,000	506,250,000	1,687,500,000
Statutory reserve			
Balance at January 1, 2021, September 30, 2021 and January 1, 2022	154,350,000	66,150,000	220,500,000
Transfer from retained earnings	85,042,280	36,446,691	121,488,971
Balance at September 30, 2022 (Unaudited)	239,392,280	102,596,691	341,988,971
Retained earnings			
Balance at January 1, 2021 (Audited)	2,132,684,527	917,377,685	3,050,062,212
Profit before zakat and income tax	1,017,298,498	435,985,071	1,453,283,569
Zakat reversal (charge)	9,735,432	(4,886,089)	4,849,343
Income tax charge	(174,120,837)	(2,305,857)	(176,426,694)
Other comprehensive loss	(15,676,784)	(8,346,462)	(24,023,246)
Total comprehensive income for the period	837,236,309	420,446,663	1,257,682,972
Balance at September 30, 2021 (Unaudited)	2,969,920,836	1,337,824,348	4,307,745,184
Balance at January 1, 2022 (Audited)	2,465,325,873	1,117,720,375	3,583,046,248
Profit before zakat and income tax	1,045,861,401	448,226,315	1,494,087,716
Zakat charge	-	(15,711,501)	(15,711,501)
Income tax charge	(263,081,631)	(404,868)	(263,486,499)
Other comprehensive income	11,320,194	6,064,390	17,384,584
Total comprehensive income for the period	794,099,964	438,174,336	1,232,274,300
Transfer to share capital	(872,550,000)	(373,950,000)	(1,246,500,000)
Transfer to statutory reserve	(85,042,280)	(36,446,691)	(121,488,971)
Dividends	(884,596,752)	(379,112,894)	(1,263,709,646)
Zakat and income tax recovered from shareholders	124,534,979	14,174,667	138,709,646
	(760,061,773)	(364,938,227)	(1,125,000,000)
Balance at September 30, 2022 (Unaudited)	1,541,771,784	780,559,793	2,322,331,577
Total equity at September 30, 2021 (Unaudited)	3,432,970,836	1,536,274,348	4,969,245,184
Total equity at September 30, 2022 (Unaudited)	2,962,414,064	1,389,406,484	4,351,820,548

* Saudi Arabian Oil Company ("Saudi Aramco")

** Jadwa Industrial Investment Company ("JIIC")

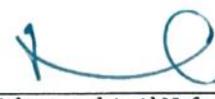
The accompanying notes form an integral part of this condensed interim financial information.



Ibrahim Qassim Al Buainain
Chairman of the Board



Tareq Abdulaziz Al Nuaim
President & Chief Executive Officer



Mohammed A. Al Nafea
Chief Financial Officer

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Condensed interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Nine-month period ended	
		September 30,	
		2022	2021
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		1,494,087,716	1,453,283,569
<u>Adjustments for:</u>			
Depreciation and amortization		254,492,546	254,442,447
Finance income		(14,911,879)	(3,551,393)
Non-cash employee expenses		125,025	61,672
Finance cost		46,117,117	52,400,605
Interest on lease liabilities	5	3,769,527	3,952,176
Fair value gain on derivative financial instruments		(6,335,789)	(6,950,764)
Provision for employee benefits obligations		20,246,880	18,569,078
Impairment loss on financial assets		5,727,183	3,634,425
Allowance for slow moving inventories	6	910,416	969,648
<u>Changes in working capital:</u>			
Inventories		13,879,701	(193,814,112)
Trade receivables		(217,527,653)	(383,970,818)
Prepayments and other assets		(8,744,129)	(1,079,627)
Trade and other payables		22,791,101	577,168,346
Accrued expenses and other liabilities		21,585,099	19,580,027
Cash generated from operations		1,636,212,861	1,794,695,279
Finance income received		12,812,314	2,272,779
Employee benefit obligations paid		(37,315,837)	(28,113,582)
Zakat and income tax paid		(202,432,855)	(1,102,562)
Net cash inflow from operating activities		1,409,276,483	1,767,751,914
Cash flows from investing activities			
Payments for property, plant and equipment	4	(35,984,904)	(69,631,146)
Investment in short-term deposits		(594,805,219)	(481,059,916)
Withdrawals from short-term deposit		740,531,249	320,559,688
Collection against employees' loans		5,053,809	5,401,760
Disbursement of employees' loans		(564,907)	(3,567,971)
Net cash inflow (outflow) from investing activities		114,230,028	(228,297,585)
Cash flows from financing activities			
Proceeds from borrowings		-	2,250,000,000
Repayments of borrowings		(61,875,000)	(2,154,067,200)
Dividends		(1,125,000,000)	-
Principal element of lease payments		(9,727,705)	(2,600,580)
Finance cost paid		(23,113,640)	(51,373,794)
Net cash (outflow) inflow from financing activities		(1,219,716,345)	41,958,426
Net increase in cash and cash equivalents		303,790,166	1,581,412,755
Cash and cash equivalents at the beginning of the period		1,349,486,502	672,851,104
Cash and cash equivalents at the ending of the period	9	1,653,276,668	2,254,263,859
Supplemental information for non-cash information			
Recognition of provision for decommissioning liability		7,013,736	-

The accompanying notes form an integral part of this condensed interim financial information.

 Ibrahim Qassim Al Buainain Chairman of the Board	 Tareq Abdulaziz Al Nuaim President & Chief Executive Officer	 Mohammed A. Al Nafea Chief Financial Officer
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SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Notes to the condensed interim financial information
(All amounts in Saudi Riyals unless otherwise stated)

1. General information

Saudi Aramco Base Oil Company – Luberef (the “Company”) is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030010447 issued in Jeddah on 3 Ramadan 1396H (corresponding to 29 August 1976). During year 2022, the Company converted from a limited liability company to a joint stock company pursuant to resolution number 1173 dated Muharram 20, 1444H (corresponding to August 18, 2022) issued by the Ministry of Commerce. During 2022, the shareholders of the Company resolved to file an initial public offering application with the Capital Market Authority (“CMA”) of the kingdom of Saudi Arabia to list the Company’s shares on Tadawul in the Kingdom of Saudi Arabia. In the event of the Company’s listing on Tadawul, the shareholding of Saudi Aramco will be subject to zakat resulting in no income tax.

The Company commenced its operations in Jeddah in 1978 and in Yanbu in 1998. The purpose of the Company is to construct, own and operate refineries of lubricating oils and to purchase, sell, transport, market, import and export lubricating oils, additives, lubricating oil blending stocks, by-products and other related petroleum products.

The Head office of the Company is located at the following address:
Saudi Aramco Industrial Area
P.O. Box 5518, Jeddah 21432
Kingdom of Saudi Arabia

The condensed interim financial information include the financial information of the Company’s head office in Jeddah, its branch in Yanbu and its operations in Hamriyah Free Zone Authority, United Arab Emirates (UAE). The Commercial Registration Number of Yanbu branch is 4700004941. The license certificate number of 11857 for operations in Hamriyah was issued with a status of Free Zone Establishment Company (“the Establishment”) by the Government of Sharjah (UAE), on 26 Rabi-ul-Awal 1435H (corresponding to January 27, 2014). The Company has treated the Free Zone Establishment as a branch in this condensed interim financial information as it owns 100% paid up capital of the Establishment.

Saudi Arabian Oil Company (“Saudi Aramco”) is the majority shareholder, immediate and ultimate parent of the Company. The Company is ultimately controlled by the government of Kingdom of Saudi Arabia.

a) Environmental, Social and Governance (ESG)

The Company is exposed to risk of loss from climate changes, human injuries and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections, vaccination policies and state of the art refineries to provide a barrier against these risks and as at September 30, 2022. Further, the Company’s robust precautionary operational measures related to refineries allows a high degree of mitigation against adverse climatic conditions. The Company is committed to ensuring that its refineries are constructed and operated in a way that considers economic, comfort, environmental and energy whole-life impacts.

In 2022, the Company has signed a memorandum of understanding with a contractor to evaluate producing Green Hydrogen that will be manufactured using electrolysis. This project will reduce carbon emissions and will avail Green Hydrogen to be consumed in Lubricant Value Park “LubeHub”.

In addition, the Company has a clear corporate responsibility for cutting emissions to avoid the worst consequences of climate change. Management has recognised that the energy costs could increase over time and that a changing climate could make some materials scarce and more expensive.

Management believes that it’s their people who make the Company’s brands successful and they want to make sure their employees have a safe and healthy environment to work in. Underpinning the environmental and social commitments is the Company’s commitment to ‘do the right thing’. Whilst delivering on actions, the Company continues to make sure that they always comply with the standards.

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Notes to the condensed interim financial information
(All amounts in Saudi Riyals unless otherwise stated)

b) Conflict between Russia and Ukraine

During the nine-month period ended September 30, 2022, global commodity prices for certain key raw materials increased significantly due to the ongoing conflict between Russia and Ukraine. The feedstock purchase and sales pricing mechanism is based on formulae, that has external inputs mentioned in the contracts with the parties.

The global energy demand remained robust which resulted in a steady increase in crude oil prices. However, the increase in the feedstock prices has resulted in a reduction in gross margin during the current period.

c) Financial position and performance of the Company

During the nine-month period ended September 30, 2022, sale price and quantities increased that principally resulted in increase in revenues and trade receivables. The feedstock purchases increased during the period then ended, due to increase in purchase quantity and price that principally resulted in an increase in cost of revenues and trade payable balances.

2. Basis of preparation

2.1 Statement of compliance

This condensed interim financial information of the Company has been prepared in accordance with International Accounting Standard 34 – “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021. IAS 34 states that the condensed interim financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosure in interim financial information than International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia (“IFRS”), and other standards and pronouncements issued by the SOCPA, require in annual financial statements.

Refer to Note 23 that explains the restatement related to the financial statements for the year ended December 31, 2021, 2020 and 2019.

The Company has elected to present a single condensed interim statement of comprehensive income and presents its expenses by function. The Company reports cash flows from operating activities using the indirect method.

During 2022, the shareholders of the Company resolved to file an initial public offering application with the Capital Market Authority (“CMA”) of the Kingdom of Saudi Arabia to list the Company’s shares on Tadawul in the Kingdom of Saudi Arabia. Accordingly, this condensed interim financial information as of and for the three-month and nine-month periods ended September 30, 2022 have been prepared solely for inclusion in the initial public offering documents of the Company to be filed with the CMA of the Kingdom of Saudi Arabia in order to list the Company’s shares on Tadawul, in the Kingdom of Saudi Arabia.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost basis, except for defined benefit obligations which are recognised at the present value of future obligations using the Projected Unit Credit Method, lease liabilities measured at their discounted present value and derivative financial instruments measured at fair value. This condensed interim financial information is presented in Saudi Arabian Riyals (“Saudi Riyals”) being the functional and presentation currency of the Company.

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
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Notes to the condensed interim financial information
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2.3 New and amended standards

Certain amendments to existing standards became applicable for the current reporting period. The amendments did not have an impact on the condensed interim financial information of the Company and accordingly the Company did not have to change its accounting policies or make any retrospective adjustments.

Standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for September 30, 2022 reporting periods and have not been early adopted by the Company. The relevant standards, interpretations and amendments issued, but are not yet effective are disclosed below.

Title	Key requirements	Effective Date
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	January 1, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 'Presentation of Financial Statements, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.	January 1, 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 'Income Taxes' require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.	January 1, 2023

Management is currently evaluating these amendments and they are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Notes to the condensed interim financial information
(All amounts in Saudi Riyals unless otherwise stated)

Significant accounting policies

The accounting policies adopted by the Company for the preparation of the condensed interim financial information are consistent with those followed in preparation of the Company's annual financial statements for the year ended December 31, 2021.

The condensed interim financial information includes the accounts of the Company's branch in Hamriyah Free Zone Authority, United Arab Emirates (UAE). The reporting period of the Company's branch is same as that of the Company i.e. December 31.

3. Critical accounting estimates and judgements

In preparing this condensed interim financial information, management has made judgements and estimates that affect determination and application of accounting policies and the reported amounts of assets and liabilities, income and expense and accompanying disclosures. Uncertainty about assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities were the same as those described in the last annual financial statements, except for:

Key accounting judgement - Revenue recognition

The Company has agreements with Saudi Aramco to purchase feedstock for the Company's Jeddah and Yanbu refineries and to supply certain by-products back to Saudi Aramco after the feedstock has been processed and base oil extracted for sale to its other customers (see Note 15). The Company accounts for these transactions separately as purchases of feedstock from, and sales of by-products to, Saudi Aramco, instead of provision of processing services. This is on the basis of the Company's ability to control, obtaining substantial economic benefit and decision making relating to feedstock used and mix of the products produced which are substantially different from the feedstock purchased.

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Closed Joint Stock Company)
Notes to the condensed interim financial information
(All amounts in Saudi Riyals unless otherwise stated)

4. Property, plant and equipment

The movement in property, plant and equipment is as follows:

	Manufacturing Plants	Buildings and leasehold improvements	Furniture and fixtures	Other machinery and equipment	Motor vehicles	Capital work in progress	Total
At December 31, 2021 (Audited)							
Cost	7,723,139,210	330,699,013	27,367,141	243,536,305	2,355,698	184,532,325	8,511,629,692
Accumulated depreciation	(2,888,207,115)	(274,627,522)	(26,749,865)	(197,551,760)	(2,047,688)	-	(3,389,183,950)
Net book value	4,834,932,095	56,071,491	617,276	45,984,545	308,010	184,532,325	5,122,445,742
Nine-month ended September 30, 2022 (Unaudited)							
Opening net book value	4,834,932,095	56,071,491	617,276	45,984,545	308,010	184,532,325	5,122,445,742
Additions	-	-	-	-	-	42,998,640	42,998,640
Transfers	9,115,122	284,327	-	352,145	-	(9,751,594)	-
Depreciation charge	(236,867,379)	(4,449,110)	(114,037)	(5,797,863)	(123,750)	-	(247,352,139)
Closing net book value	4,607,179,838	51,906,708	503,239	40,538,827	184,260	217,779,371	4,918,092,243
At September 30, 2022 (Unaudited)							
Cost	7,732,254,332	330,983,340	27,367,141	243,888,450	2,355,698	217,779,371	8,554,628,332
Accumulated depreciation	(3,125,074,494)	(279,076,632)	(26,863,902)	(203,349,623)	(2,171,438)	-	(3,636,536,089)
Net book value	4,607,179,838	51,906,708	503,239	40,538,827	184,260	217,779,371	4,918,092,243

At September 30, 2022, if the estimated useful life of the property, plant and equipment increased or decreased by 10%, with all other variables held constant, total comprehensive income for the nine-month period then ended would have been Saudi Riyals 24.58 million lower or Saudi Riyals 25 million higher (nine-month period ended September 30, 2021: Saudi Riyals 20.15 million lower or Saudi Riyals 26.45 million higher), respectively.

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5. Leases

a) Right-of-use assets

	Lands	Pipelines and catalyst	Vehicles	Total
At January 1, 2021 (Audited)	96,736,493	7,921,531	4,190,045	108,848,069
Depreciation	(4,325,476)	(1,980,383)	(931,120)	(7,236,979)
At December 31, 2021 (Audited)	92,411,017	5,941,148	3,258,925	101,611,090
Depreciation	(3,244,106)	(1,485,287)	(698,341)	(5,427,734)
At September 30, 2022 (Unaudited)	89,166,911	4,455,861	2,560,584	96,183,356

b) Lease liabilities

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening Balance	112,802,992	117,640,486
Lease payments during the period / year	(9,787,894)	(10,177,394)
Interest on lease liabilities during the period / year	3,769,527	5,339,900
Closing Balance	106,784,625	112,802,992
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current	6,181,710	5,268,474
Non-current	100,602,915	107,534,518
	106,784,625	112,802,992

Amounts recognised in the condensed interim statement of comprehensive income

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Depreciation charge on right-of-use assets	1,809,244	1,303,124	5,427,734	5,427,734
Interest expense (included in finance costs)	1,283,907	2,076,678	3,769,527	3,952,176
Expense relating to short-term leases (included in selling and distribution expenses)	2,071,076	2,208,682	7,152,360	6,048,853

At September 30, 2022, if the incremental borrowing rate used to determine discounted present value of lease liabilities increased or decreased by 200 basis points (bps), with all other variables held constant, the total comprehensive income for the nine-month period ended would have been Saudi Riyals 0.06 million lower and Saudi Riyals 0.22 million higher (nine-month period ended September 30, 2021: Saudi Riyals 0.16 million lower or Saudi Riyals 0.36 million higher), respectively.

As at September 30, 2022, potential future cash outflows of Saudi Riyals 109.73 million (December 31, 2021: Saudi Riyals 109.73 million) (undiscounted) have been included in the lease liability because it is reasonably certain that the lease will be extended, as the Company has incurred significant capital expenditure on the land. The Company has applied the extension option until financial year 2043.

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6. Inventories

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Finished goods	271,855,779	293,306,011
Production in progress	237,315,894	215,477,906
Raw material– feedstock	102,922,052	117,400,190
Spare parts and consumables materials	98,625,527	98,414,846
	<u>710,719,252</u>	<u>724,598,953</u>
Less: Allowance for inventory obsolescence	(15,447,495)	(14,537,079)
	<u>695,271,757</u>	<u>710,061,874</u>

Movement in provision for inventory obsolescence is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening balance	14,537,079	12,937,706
Provision for the period / year	910,416	1,599,373
Closing balance	<u>15,447,495</u>	<u>14,537,079</u>

At September 30, 2022, if the provision for inventory obsolescence increased/decreased by 1%, with all other variables held constant, the total comprehensive income for the period then ended would have been Saudi Riyals 1.54 million lower/higher (year ended December 31, 2021: Saudi Riyals 1.45 million lower/higher).

7. Trade receivables

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables		679,355,302	454,997,563
Related parties	15	406,201,537	413,031,623
		<u>1,085,556,839</u>	<u>868,029,186</u>
Allowance for expected credit losses		(11,078,724)	(5,351,541)
		<u>1,074,478,115</u>	<u>862,677,645</u>

Trade receivables amounting to Saudi Riyals 634.88 million (December 31, 2021: Saudi Riyals 632.03 million) have been offset in the condensed interim statement of financial position. As at September 30, 2022, five largest customers accounted for 57% (December 31, 2021: 55%) of the outstanding trade receivables.

Movement in provision for impairment of trade receivables is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening balance	5,351,541	505,641
Charge for the period / year	5,727,183	4,845,900
Closing balance	<u>11,078,724</u>	<u>5,351,541</u>

At September 30, 2022, if the allowance for ECL increased/decreased by 10%, with all other variables held constant, total comprehensive income for the nine-month period then ended would have been Saudi Riyals 1.01 million lower/higher (year ended December 31, 2021: Saudi Riyals 0.54 million lower/higher).

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The following table provides information about the exposure to credit risk and ECLs for trade receivables from external customers:

September 30, 2022 (Unaudited)	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	907,239,067	0.43%	3,913,206
1–90 days past due	149,729,463	0.45%	668,216
91–180 days past due	21,673,208	6.27%	1,358,896
181–360 days past due	4,676,117	66.86%	3,126,269
More than 360 days past due	2,238,984	89.87%	2,012,137
Total	1,085,556,839		11,078,724

December 31, 2021 (Audited)	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	759,466,062	0.52%	3,951,742
1–90 days past due	106,899,967	0.53%	569,470
91–180 days past due	713,643	7.58%	54,069
181–360 days past due	949,514	81.75%	776,260
Total	868,029,186		5,351,541

Trade receivables are non-derivatives financial assets carried at amortised cost and are generally on terms of 30 to 60 days. It is not the practice of the Company to obtain collateral over third party trade receivables and these are, therefore, unsecured.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. The Company categorizes a receivable for write-off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the condensed interim statement of comprehensive income.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Where recoveries are made, these are recognised in the statement of comprehensive income.

Trade receivables relate to sales made during the period to corporate customers. As at September 30, 2022, related parties' trade receivables of Saudi Riyals 406.20 million (December 31, 2021: Saudi Riyals 413.03 million) were not yet due. Of this amount Saudi Riyals 400.44 million was 'not due' and Saudi Riyals 5.77 million was due '1 to 90 days' (December 31, 2021: Saudi Riyals 721.06 million was 'not due' and nil was due '1 to 90 days') having reversal of impairment loss charge for the nine-month ended Saudi Riyals 0.4 million (year ended December 31, 2021: impairment loss charge of Saudi Riyals 2.02 million). These pertain to corporate related parties that have no history of default and accordingly the probability of default is minimal. For related parties' balances, the Company applies the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected credit loss provision based on a provision matrix. Further, related parties' balances have low credit risk and were not yet due at each reporting date.

Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values. Due from related parties and other receivables are generally settled within 12 months from the reporting date. Hence, their carrying amount is considered to be the same as fair value.

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8. Short-term deposit

The Company deposited Saudi Riyals 146.33 million in a 39-day short-term deposit on September 25, 2022, accordingly, it has been classified under cash and cash equivalents (December 31, 2021: Saudi Riyals 145.73 million in a 100-day short-term deposit October 10, 2021 having maturity date of January 26, 2022). This short-term deposit is held with a commercial bank and is due to mature on November 3, 2022. The Company places new short-term deposits upon maturity. The Company had placed short-term deposits on a recurring basis during the nine-month period ended September 30, 2022, the last time deposit matured on September 22, 2022.

The short-term deposit is held with a bank having sound credit rating and yields financial income at prevailing market rates. The carrying value at each reporting date is estimated to be the same as its fair value.

9. Cash and cash equivalents

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash in hand	225,000	280,000
Cash at banks	172,554,729	29,322,894
Time deposits	1,480,496,939	1,319,883,608
	1,653,276,668	1,349,486,502

Cash at banks and time deposits are placed with banks with sound credit ratings. Time deposits are placed with local commercial banks and yield financial income at prevailing market rates with original maturities of three months or less.

As at September 30, 2022, the Company had deposited Saudi Riyals 1,480 million in short-term deposits having 4 to 51 days maturity period. This time deposits were held by commercial banks and were due to mature from October 3, 2022 to November 3, 2022. Upon maturity, the Company had placed time deposits on a recurring basis during the period, the last time deposit matured on September 29, 2022.

10. Share capital

At September 30, 2022, the Company's share capital of Saudi Riyals 1,687.5 million consist of 168.75 million fully paid shares of Saudi Riyals 10 each. The shareholding of Company's share capital as at September 30, 2022 is as follows:

Shareholders	Country of incorporation	Shareholding	No. of shares	Amount
Saudi Aramco	Kingdom of Saudi Arabia	70%	118,125,000	1,181,250,000
JiIC	Kingdom of Saudi Arabia	30%	50,625,000	506,250,000
		100%	168,750,000	1,687,500,000

On June 30, 2022, the shareholders of the Company resolved to increase the share capital of the Company, through transfer from retained earnings amounting to Saudi Riyals 1,246.5 million and revised the par value of each share to Saudi Riyals 10 per share. This has resulted in revised total share capital amounting to Saudi Riyals 1,687.5 million comprising 168.75 million shares. The legal formalities in this respect were completed on August 18, 2022.

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At December 31, 2021, the Company's share capital of Saudi Riyals 441 million consisted of 44,100 fully paid shares of Saudi Riyals 10,000 each. The shareholding of Company's share capital as at December 31, 2021 is as follows:

Shareholders	Country of incorporation	Shareholding	No. of shares	Amount
Saudi Aramco	Kingdom of Saudi Arabia	70%	30,870	308,700,000
JiIC	Kingdom of Saudi Arabia	30%	13,230	132,300,000
		100%	44,100	441,000,000

On May 9, 2022, the shareholders approved a dividend of Saudi Riyals 1,263.71 million (Saudi Riyals 28,656 per share) and was paid on May 12, 2022.

In accordance with the Regulations of Companies' Law in the Kingdom of Saudi Arabia and the Company's Articles of Association, the Company should transfer 10% of the net profits to a statutory reserve until such reserve equals at least 30% of its share capital. No transfers were made to the statutory reserve as the reserve has exceeded 30% of the Company's share capital in previous years. However, due to increase in share capital in the current period, transfer has been made to the statutory reserve. This reserve is not available for distribution to shareholders.

11. Earnings per share

Earnings per share has been calculated by dividing the net profit attributable to the owners of the Company by the weighted average number of shares outstanding during the period.

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit attributable to owners of the Company	474,785,193	459,376,851	1,214,889,716	1,281,706,218
Weighted average number of shares*	168,750,000	168,750,000	168,750,000	168,750,000
Basic / diluted earnings per share (Saudi Riyals per share)	2.81	2.72	7.20	7.60

* On August 18, 2022, the total share capital was revised to Saudi Riyals 1,687.5 million comprising 168.75 million shares. Since this represents a change in the number of basic shares without a corresponding change in resources (i.e. capitalization effect of retained earnings), the weighted average number of basic shares outstanding during all reported periods is adjusted retrospectively.

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12. Borrowings

Long-term borrowings comprise of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Islamic banking facilities (Murabaha)	2,210,929,257	2,250,000,000
Less: current portion of long-term borrowings	(191,554,257)	(146,250,000)
	<u>2,019,375,000</u>	<u>2,103,750,000</u>

Currency denomination of the borrowings in Saudi Riyals equivalent is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Saudi Riyals	1,658,419,368	1,687,500,000
United States Dollars ("USD")	552,509,889	562,500,000
	<u>2,210,929,257</u>	<u>2,250,000,000</u>

On August 19, 2021, the Company entered into a syndicated Islamic loan agreement under Murabaha arrangement with five local banks of Saudi Riyals 1,687.5 million and USD 150 million (equivalent of Saudi Riyals 562.5 million) for the purpose of repayment of previous borrowings placed with a local commercial bank. The principal repayments have begun from June 30, 2022 and will continue on an agreed semi-annual instalment basis till June 30, 2029. These facilities bear finance costs at market rates, which are generally based on Saudi Inter Bank Offered Rate ("SIBOR") for Saudi Riyals denominated borrowings and on London Interbank Offered Rate ("LIBOR") for USD denominated borrowings. The spread during the nine-month period ended September 30, 2022 on these facilities varied between 0.75% - 1 % per annum (year ended December 31, 2021: 0.75% - 1 % per annum). Moreover, there is no collateral on the Company's assets due to these long-term borrowing agreements.

The above long-term borrowing agreements contain certain covenants, which among other things, require certain financial ratios to be maintained. As at September 30, 2022 and December 31, 2021, the Company was compliant with all the covenants with the lenders.

Fair value of long-term borrowings is approximately equal to their carrying amounts as they are subject to interest at market rates. Finance costs recognized as expense on the above borrowings have been disclosed in finance cost.

As at September 30, 2022, the Company has a short-term bank facility from a local commercial bank for managing its working capital amounting to Saudi Riyals 40 million (December 31, 2021: Saudi Riyals 348.75 million). The facility is denominated in Saudi Riyals and bears finance costs based on prevailing market rates i.e. SIBOR +1.5%. There are no financial covenants applicable to the Company under such facility with the respective bank. The facility is unsecured. The maturity of the bank facility is within twelve months. Total unused credit facility available to the Company as at September 30, 2022 is approximately Saudi Riyals 40 million (December 31, 2021: Saudi Riyals 348.75 million).

The Company's main interest rate risk arises from borrowings with variable rates, which expose the company to cash flow interest rate risk. During the three months period ended September 30, 2022 and the year ended December 2021, the Company's borrowings at variable rate were mainly denominated in Saudi Riyals and USD.

At September 30, 2022, if interest rates had been 100 bps higher/lower with all other variables held constant, future interest on outstanding loans will increase/decrease by Saudi Riyals 16.91 million (nine-month period ended September 30, 2021: Saudi Riyals 15.79 million).

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13. Trade and other payables

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Related parties	15	958,394,023	933,265,292
Third parties		44,895,496	45,443,237
Thrift plan obligation		33,092,304	31,099,215
Advances from customers	13.1	12,605,357	8,677,586
Other payables	13.2	60,243,912	68,185,685
		1,109,231,092	1,086,671,015

13.1 Movement in advances from customers (contract liability) is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening	8,677,586	6,429,889
Advance payment received	520,734,612	397,999,388
Recognised as revenue	(516,806,841)	(395,751,691)
Closing	12,605,357	8,677,586

13.2 It majorly pertains to stores and spares' vendors amounting to Saudi Riyals 57.4 million (December 31, 2021: Saudi Riyals 66.01 million).

Trade payables are unsecured and are usually paid within 3-12 months of recognition. The carrying amounts of trade payables are considered to approximate their fair values, due to their short-term nature.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has agreements with Saudi Aramco to purchase feedstock and return by-product in Jeddah refinery and purchase fuel oil and return by-product (marine heavy fuel oil) in Yanbu refinery. Also see Note 3. The settlement of the balance related to these transactions takes place after 60 to 90 days and net payment is made to or received from Saudi Aramco. The balances may be offset in all circumstances and meets the requirements of offsetting in IFRS.

The following table presents the recognised financial instruments that are offset, or subject to enforceable netting arrangements:

	Gross amounts	Amounts set off	Net amounts presented
<i>Effects of offsetting on the condensed interim statement of financial position</i>			
September 30, 2022 (Unaudited)			
Related party receivables	1,041,083,532	(634,881,995)	406,201,537
Related party payables	1,593,276,018	(634,881,995)	958,394,023
<i>Effects of offsetting on the statement of financial position</i>			
December 31, 2021 (Audited)			
Related party receivables	1,045,062,668	(632,031,045)	413,031,623
Related party payables	1,565,296,337	(632,031,045)	933,265,292

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14. Accrued expenses and other liabilities

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Accrued expenses	14.1	59,087,826	18,146,354
Accrual for rebates and discounts		38,800,672	37,162,681
Accrued bonus		15,596,311	38,304,614
Derivative financial instrument measured at fair value through profit or loss	14.2	-	6,335,789
Others	14.3	6,841,634	5,127,695
		120,326,443	105,077,133

14.1 It includes Saudi Riyals 38.57 million (December 31, 2021: Saudi Riyals 10.24 million) accruals for inward transportation charges from Jeddah and Yanbu refineries to its operations in Hamriyah Free Zone. These accrued expenses pertain to increase in quantity transferred, customs charges, agency fee and freight charges during the period.

14.2 The arrangement has not been designated as hedging arrangement since its inception. The Company relies on the counterparty for the valuation of these derivatives.

The analysis of derivative financial instruments and the related fair values together with the notional amounts classified by the term to maturity is as follows:

	Negative fair value		Notional Amount	
	As at September 30, 2022 (Unaudited)	As at December 31, 2021 (Audited)	As at September 30, 2022 (Unaudited)	As at December 31, 2021 (Audited)
Interest rate swaps	-	6,335,789	183,060,304	297,135,409

14.3 It pertains to liabilities against unused employees' leaves balance as at September 30, 2022.

15. Related party transactions and balances

Related parties comprise the shareholders, affiliated companies, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Related parties also include business entities in which certain directors or senior management have an interest (other related parties). Affiliates of the Company are the entities which are owned by the Ultimate Parent but are not part of this Company. Moreover, the Company is ultimately controlled by the government of the Kingdom of Saudi Arabia.

Following is the list of related parties with whom the Company has significant transactions and balances:

Name of related party	Nature of relationship
Saudi Arabian Oil Company ("Saudi Aramco")	Shareholder and Ultimate Parent
Jadwa Industrial Investment Company ("JIIC")	Shareholder
Saudi Aramco Mobil Refinery Company Ltd. ("SAMREF")	Affiliate
S-Oil Corporation	Affiliate
Motiva Trading LLC	Affiliate
Aramco Chemical Company	Affiliate
Saudi Aramco Technologies Company	Affiliate
Aramco Lubricants and Retail Company	Affiliate

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Agreements with Saudi Aramco

1. Purchase and sale contracts at Jeddah and Yanbu refinery

The Company has agreements with Saudi Aramco for purchase of feedstock for its Jeddah and Yanbu refineries. The Company also has an offtake agreement with Saudi Aramco for sale of certain products. The pricing mechanism for the sale and purchase of these products is based on formulae, that has external inputs mentioned in the contracts. Also see Note 3.

2. Technical management, support services and leases

Saudi Aramco also provides operational technical, utilities and human resources support to the Company on commercial terms. The Company also has two lease agreements with Saudi Aramco for land rentals in Jeddah and pipelines, which are on commercial terms.

Agreement with SAMREF

The Company has an agreement for sale of other products from its Yanbu refinery to SAMREF. The pricing mechanism is based on a formula, that has external inputs mentioned in the contract. The Company also receives technical and management support services from SAMREF which are on commercial terms.

Transactions with key management personnel

Key management personnel include all the heads of departments and key personnel involved in Company's operations. The compensation to key management personnel is shown below:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term employee benefits	5,410,824	2,832,977	21,142,908	16,173,203
Provision for employee benefit obligations	525,091	240,537	1,786,604	1,375,045

All related party transactions were made on terms as specified in the agreements with the related parties. The credit terms with all related parties range from 30 to 90 days.

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Significant transactions and balances with related parties in the ordinary course of the business included in the condensed interim financial information are summarized below:

Related party	Nature of transaction	Amount of transaction				Balance as at	
		Three-month period ended		Nine-month period ended		September 30,	December 31,
		September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Due from related parties							
Saudi Aramco	Sales of by-products	949,688,045	251,828,162	3,478,531,537	2,354,961,716	140,060,912	141,868,216
SAMREF	Sales of by products	261,698,137	160,212,228	744,989,669	430,157,286	194,179,063	178,954,086
S-Oil Corporation	Sales of base oil	286,020,176	364,571,857	959,952,983	566,103,975	62,147,321	70,082,112
Motiva Trading LLC	Sales of base oil	9,485,386	61,522,036	9,485,386	89,663,748	-	21,420,870
Aramco Chemical Company	Sales of base oil	5,548,549	10,003,407	10,877,254	10,003,407	9,578,014	706,339
Aramco Lubricants and Retail Company	Sales of base oil	236,227	-	236,227	-	236,227	-
						406,201,537	413,031,623
Due to related parties							
Saudi Aramco	Purchase of feedstock, materials and utilities	3,333,275,323	2,981,279,668	6,183,433,495	4,096,738,183	841,767,172	892,587,458
	Technical and management support services	5,619,704	10,758,301	17,789,165	16,834,094	116,626,851	18,044,753
	Lease rental for Jeddah refinery land and Yanbu refinery pipeline	660,879	1,321,757	1,982,636	1,982,636	-	-
SAMREF	Technical and management support services	702,484	-	702,484	951,303	-	-
S-Oil Corporation	Purchase of base oil	39,814,998	147,055,573	57,723,283	195,109,028	-	22,633,081
Saudi Aramco Technologies Company	Technical and management support services	-	-	-	300,000	-	-
						958,394,023	933,265,292

The Company's revenues derived from sales to Saudi Aramco and other affiliates accounted for approximately 40% and 20% (nine-month period ended September 30, 2021: 37% and 17%) respectively, of the total revenue.

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16. Revenue

The Company derives revenue from the transfer of goods at a point in time and revenue from freight and services to Saudi Aramco over a period of time. The Company has the following major product lines:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue from base oil sales	1,446,711,662	1,261,108,347	4,409,405,310	3,555,098,193
Revenue from by-products sales	1,275,109,387	1,117,489,151	4,395,653,826	2,875,693,664
	2,721,821,049	2,378,597,498	8,805,059,136	6,430,791,857

During the nine-month period ended September 30, 2022, the Company has recognized revenue from freight services amounting to Saudi Riyals 122.05 million (nine-month period ended September 30, 2021: Saudi Riyals 65.08 million).

The management has categorized its geographical operations as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Geographic information				
Revenues from local sales				
Kingdom of Saudi Arabia	1,830,944,865	1,538,870,559	5,987,042,006	4,067,682,348
Revenues from export sales				
United Arab Emirates	509,708,016	506,778,854	1,562,679,146	1,414,041,877
India	242,259,258	179,908,430	733,734,856	522,171,597
Singapore	40,993,933	89,250,410	176,369,667	203,593,440
Egypt	55,647,831	11,591,954	170,748,442	27,796,856
United States of America	10,312,186	21,670,706	11,231,440	88,793,924
Others	31,954,960	30,526,585	163,253,579	106,711,815
Total	2,721,821,049	2,378,597,498	8,805,059,136	6,430,791,857

17. Cost of revenue

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Raw materials	1,899,823,258	1,617,703,363	6,544,041,605	4,278,002,242
Depreciation	82,647,745	82,495,144	246,765,172	246,087,413
Employee and related costs	44,373,971	39,973,310	136,899,599	133,064,961
Depreciation on right-of-use assets	2,159,405	954,944	5,081,534	4,383,193
Amortization	55,975	241,665	201,720	725,011
Others	42,818,488	27,522,257	122,364,846	64,489,415
	2,071,878,842	1,768,890,683	7,055,354,476	4,726,752,235

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18. General and administrative expenses

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Staff cost	26,900,367	21,572,843	102,704,692	85,343,514
Consultancy charge	7,184,270	7,741,752	18,908,796	15,345,269
Telephone & postage	1,750,696	1,511,176	4,600,551	3,335,627
Business travel	587,183	326,917	1,690,833	781,463
Amortization	503,651	503,651	1,510,953	1,510,953
Insurance	437,596	300,650	1,122,873	901,951
Depreciation	177,950	230,443	586,967	691,336
Others	2,961,046	4,848,972	17,627,242	18,922,785
	40,502,759	37,036,404	148,752,907	126,832,898

19. Zakat and income tax

The Company is subject to zakat with respect to JIIC's shareholding and income tax with respect to Saudi Aramco's shareholding. During 2020, the shareholders signed an agreement that the shareholders shall bear the economic burden of any zakat and income tax required under applicable law. In the event of the Company's listing on Tadawul, the shareholding of Saudi Aramco will be subject to zakat resulting in no income tax.

19.1 Charge for the period

The charge for the period, consists of the following:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Zakat charge (reversal)	6,185,091	3,961,348	15,711,501	(4,849,343)
Income tax charge	49,702,949	41,982,279	129,395,518	117,626,223
Deferred tax charge	23,456,314	9,798,370	134,090,981	58,800,471
	79,344,354	55,741,997	279,198,000	171,577,351

The increase in the tax expense in the current period is due to increase in deferred tax charge.

19.2 Provision for zakat and income tax

The movement in zakat and income tax payable is as follows:

	Income tax	Zakat	Total
At January 1, 2021 (Audited)	554,559	22,290,590	22,845,149
Prior year reversal	-	(13,907,760)	(13,907,760)
Charge for the year	130,155,317	12,525,468	142,680,785
Payment	-	(1,102,562)	(1,102,562)
At December 31, 2021 (Audited)	130,709,876	19,805,736	150,515,612
Charge for the period	129,395,518	15,711,501	145,107,019
Payment*	(189,907,387)	(12,525,468)	(202,432,855)
At September 30, 2022 (Unaudited)	70,198,007	22,991,769	93,189,776

*During the nine-month period ended September 30, 2022, the Company has paid Saudi Riyals 63 million quarterly advance tax as per the income tax regulations, which was based on the previous year's zakat and income tax return.

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19.3 Status of certificates and final assessments

The Company has filed its zakat and income tax return up to the year ended December 31, 2021. The Company does not have any open assessment orders with the Zakat, Tax and Customs Authority (“ZATCA”) as of September 30, 2022. The zakat and income tax assessments up to December 31, 2016 and for the year ended December 31, 2018 have been finalized with the ZATCA.

During 2022, the ZATCA issued an assessment for the financial year 2016 amounting to Saudi Riyals 0.63 million which was settled.

19.4 Deferred tax asset / (liability)

	At January 1, 2022 (Audited)	(Charged)/credited		At September 30, 2022 (Unaudited)
		to profit or loss	to other comprehensive income	
Difference in accounting and tax base of property, plant and equipment	(287,212,054)	(75,763,775)	-	(362,975,829)
Provisions	53,868,811	(1,271,296)	(2,830,049)	49,767,466
Carried forward losses	176,908,990	(56,952,405)	-	119,956,585
Leases	1,587,683	(103,505)	-	1,484,178
Total	(54,846,570)	(134,090,981)	(2,830,049)	(191,767,600)

20. Operating segment

The Company is engaged to construct, own and operate refineries of lubricating oils and to purchase, sell, transport, market, import and export lubricating oils, additives, lubricating oil blending stocks, by-products and other related petroleum products. The Company operates in Jeddah and Yanbu region of Saudi Arabia and has an operation in Hamriyah in the United Arab Emirates. For management purposes, the Company is organized as a single business unit aligned with its principal business activity.

The Company has determined that the Company’s Board of Directors and the President & CEO, are the Chief Operating Decision Maker (“CODM”) and are responsible for making decisions regarding the allocation of resources and assessment of performance of the Company. The CODM monitor the operating results of the Company as a whole for the purpose of making decisions about resource allocation and performance assessment of the Company’s business. The CODM evaluate the performance on the basis of revenues, total operating expenses, EBITDA, net income and return on equity. The results reported to the CODM are measured in a manner consistent with those in statement of comprehensive income and statement of financial position and hence, a reconciliation is therefore not presented separately.

Geographical information of Company’s revenues is disclosed in Note 16. The Company’s property plant and equipment assets are located in Kingdom of Saudi Arabia. Saudi Aramco is the Company’s major customer exceeding 10% revenue threshold. See Note 15.

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21. Net debt reconciliation

	Cash and cash equivalents	Borrowings	Leases	Total
January 1, 2021 (Audited)	672,851,104	(2,154,067,200)	(117,640,486)	(1,598,856,582)
Cash flows	676,635,398	(25,969,443)	10,177,394	660,843,349
Interest on borrowings	-	(69,963,357)	-	(69,963,357)
Interest on lease liabilities	-	-	(5,339,900)	(5,339,900)
December 31, 2021 (Audited)	1,349,486,502	(2,250,000,000)	(112,802,992)	(1,013,316,490)
Cash flows	303,790,166	80,393,017	9,787,894	393,971,077
Interest on borrowings	-	(41,322,274)	-	(41,322,274)
Interest on lease liabilities	-	-	(3,769,527)	(3,769,527)
September 30, 2022 (Unaudited)	1,653,276,668	(2,210,929,257)	(106,784,625)	(664,437,214)

22. Commitments and contingencies

22.1 Commitments

- a) As at September 30, 2022, the Company had outstanding capital commitments of Saudi Riyals 431.67 million (December 31, 2021: Saudi Riyals 292.35 million) in respect of additions to property, plant and equipment at its Jeddah and Yanbu refineries.

22.2 Contingencies

- a) As at September 30, 2022 the letters of guarantees issued by banks on behalf of the Company amounted to Saudi Riyals 2.31 million (December 31, 2021: Saudi Riyals 11.32 million) and letters of credit issued by banks on behalf of the Company is Saudi Riyals 5.89 million (December 31, 2021: Nil).
- b) A contractor for Yanbu Expansion Project has submitted claims to the Company amounting to Saudi Riyals 222.52 million (December 31, 2021: Saudi Riyals 222.52 million). After the assessment on the procedural and substantive grounds, the management has rejected these claims. This claim is not filed in any court of law. The Company is not expecting any cash outflow on these claims therefore no provision has been recorded in the condensed interim financial information.

22.3 Short-term leases

The short-term lease commitment as of September 30, 2022 amounts to Saudi Riyals 2.60 million (December 31, 2021: Saudi Riyals 10.82 million).

23. Restatement relating to the annual audited financial statements

The Company has agreements with Saudi Aramco to purchase feedstock for the Company's Jeddah and Yanbu refineries and to supply certain by-products back to Saudi Aramco after the feedstock has been processed and base oil extracted for sale to its other customers. The Company determined in the current period to account for these transactions with Saudi Aramco separately as purchases of feedstock and sales of by-products. This is on the basis of the Company's ability to control, obtaining substantial economic benefit and decision making relating to feedstock used and mix of the products produced which are substantially different from the feedstock purchased. These transactions with Saudi Aramco were previously recorded on a net basis with the sales proceeds of the by-products recorded against the feedstock purchases.

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The following table sets out the effect of restating revenue and cost of revenue amounts in the statement of comprehensive income for the years ended December 31, 2019, 2020 and 2021:

	As previously reported	Restatement	As restated
Statement of comprehensive income for the year ended December 31, 2019			
Revenue	3,937,355,317	1,683,058,901	5,620,414,218
Cost of revenue	(3,731,059,312)	(1,683,058,901)	(5,414,118,213)
Gross profit	206,296,005	-	206,296,005
Statement of comprehensive income for the year ended December 31, 2020			
Revenue	3,187,493,206	1,206,051,834	4,393,545,040
Cost of revenue	(2,772,562,322)	(1,206,051,834)	(3,978,614,156)
Gross profit	414,930,884	-	414,930,884
Statement of comprehensive income for the year ended December 31, 2021			
Revenue	6,760,398,960	2,086,327,877	8,846,726,837
Cost of revenue	(4,718,622,332)	(2,086,327,877)	(6,804,950,209)
Gross profit	2,041,776,628	-	2,041,776,628

The change does not have any impact on the statement of financial position, statement of changes in equity and statement of cash flows as of and for the years then ended.

The above restatement does not have any impact on the three-month and nine-month periods ended September 30, 2021 as these are presented based on the aforementioned judgments and the condensed interim financial information for the above-mentioned periods has not been previously issued.

24. Approval of condensed interim financial information

This condensed interim financial information was approved and authorized for issue by the board of directors of the Company on November 2, 2022.