



2023 ANNUAL REPORT 2023



The Custodian of the Two Holy Mosques
KING SALMAN BIN ABDULAZIZ AL SAUD
King of the Kingdom of Saudi Arabia



His Royal Highness Prince
MOHAMMED BIN SALMAN BIN ABDULAZIZ
Crown Prince, Prime Minister and Chairman of the Council of
Economic and Development Affairs

LIVING OUR VALUES



Our six corporate values form the guiding principles by which Petro Rabigh and its employees conduct their daily business dealings and relationships. The following values are the elements which constitute our character and identity as a company.

Integrity

In Petro Rabigh, when we make a commitment, we keep it.

We are fair and ethical. Our conduct in business is beyond reproach, and we stand up against misconduct.

Excellence

We benchmark, innovate, and challenge ourselves continually improve.

Citizenship

We act with full social responsibility, fueling economic growth for our communities, and creating trustful and lasting relations with our partners, for our precious Kingdom!

Discipline

We are focused and disciplined in our business activities. We organize and focus our people and resources for maximum efficiency and effectiveness. We are capable of following procedures and work processes consistently.

Teamwork

We work together, solve problems together, and get results in a collaborative manner to succeed together and celebrate together, and become best-in-class.

Accountability

We take our work with high professionalism.

We take full responsibility for everything we do and the outcomes.

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BOARD OF DIRECTORS



**IBRAHIM QASSIM
AL-BUAINAIN**
Chairman



NORIAKI TAKESHITA
Deputy Chairman



OTHMAN ALI AL-GHAMDI
Executive Member



SEIJI TAKEUCHI
Non-Executive Director



NORIAKI OKU
Executive Director



SULEMAN AMER AL-BARGAN
Non-Executive Director



ABDULLAH JABER AL-FAIFI
Independent Director



**MOHAMMED
ABDULLATIF AL-OMAIR**
Independent Director



SALEH FAHAD AL-NAZHA
Independent Director

EXECUTIVE MANAGEMENT



OTHMAN A. AL-GHAMDI
President & CEO



Finance & Accounting
AKIHIKO HIRAOKA
Chief Financial Officer



Engineering & Support
MOHAMMED M. FARSI
Vice President



Manufacturing
NORIAKU OKU
Senior Vice President



Industrial Security
ASSEM M. SALEH
Vice President



Industrial Relations
ADEL AL-MEJHED
Vice President



Market Development
YASSER AL-GHAMDI
Vice President



CHAIRMAN'S MESSAGE TO THE SHAREHOLDERS

Dear Valued Shareholders of Rabigh Refining and Petrochemical Company (Petro Rabigh),

On behalf of the Board of Directors, the Company's Management, and employees, I am pleased to present the Company's Annual Report, the External Auditor's Report, and the Audited Financial Statements for the year ending December 31, 2023.

The report highlights the importance that the Company's Management placed on vital areas such as Safety Performance, Corporate Governance & Accountability, Risk Management, Business Development, and Sustainability throughout 2023.

Financially, 2023 was another challenging year, characterized by ongoing high interest rates and poor margins for refined and petrochemical products. The Red Sea shipping crisis disrupted the world supply chain and increased our costs. Additionally, we had to execute critical maintenance activities for the Ethane Cracker (ECR) and High Olefins Fluid Catalytic Cracker (HOFCC), requiring shutdowns of these core units.

In a collaborative effort to improve the financial performance, a joint task force has been created between Petro Rabigh, Aramco, and Sumitomo, bringing the expertise and vast experience of the founding shareholders together has led to improvement plans in three critical areas: Plant Reliability, Cash Management/Debt Management, and Plant Optimization/Projects. The support from Sumitomo and Aramco, particularly in terms of flexible payment terms, has ensured our cash availability to meet

financial obligations and has supported ongoing development work for major projects aimed at improving fuel quality and increasing the value of products produced at Petro Rabigh.

One of the key projects already approved and underway, which will be completed by the end of 2025, is the debottlenecking of the Ethane Cracker and High Olefins FCC, which will create flexibility in operations, reduce flaring, and increase the maximum capacity of both units.

In 2023, we achieved significant milestones in safety, completing 48.3 million safe man-hours and recording our best-ever Total Recordable Incident Rate (TRIR) of 0.026. Additionally, we marked our second consecutive year of zero recordable Process Safety incidents. We also inaugurated a CO₂ Capture Facility and planted 10,000 mangrove saplings, underscoring our commitment to sustainability.

Furthermore, we managed to control our operating expenses, achieving a reduction of 9.3% below budget in 2023.

Finally, I would like to thank all our valued shareholders for their continued trust in the Company. I would also like to express my gratitude to Petro Rabigh's management and employees for their ongoing commitment and hard work in ensuring the success and future prosperity of the Company.

Ibrahim Q. Al-Buainain
Chairman of the Board

SAFETY PERFORMANCE AND OCCUPATIONAL HEALTH

It is demonstrated by the best safety performance achieved by the end of 2023, recording a Total Recordable Incident Rate (TRIR) of 0.026, a combined figure for both Petro Rabigh employees and contractors.



The continual improvement over the years of journey towards excellence in safety. Process Safety focuses on managing the integrity of hazardous operating systems and processes.

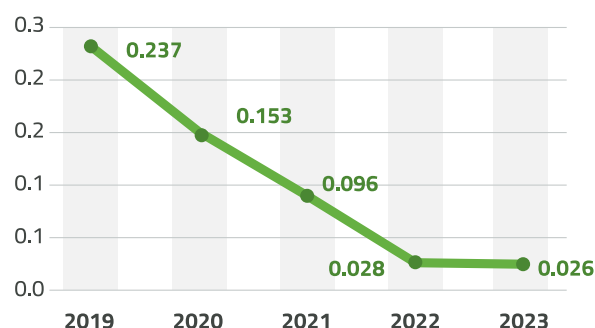
The primary purpose is to prevent and control events that have the potential to release hazardous materials or energy. A Process Safety Event is an unplanned or uncontrolled release of a material, including hazardous materials that can potentially impact the workforce, the community, and the environment. Process Safety Events can have catastrophic consequences, and due to this, we set high expectations for ourselves in Process Safety Parameters.

Petro Rabigh accumulated the best record for Safe Workhours of 48.4 million workhours without injuries resulting in lost time for our employees and contractor workers combined by October 16, 2023.

Everyone involved in our operations played a role in driving Process Safety Excellence. Petro Rabigh maintained another year with zero Process Safety Incidents, achieving a 0.000 Process Safety Total Incident Rate (PSTIR) KPI.

Process Startups and Shutdowns, known as transient operations, can pose a significant process safety risk for a manufacturing facility. To minimize this risk Petro Rabigh is introducing the Transient Operation Hazard (TOH) Analysis Studies, a powerful supplement to traditional HAZOP (Hazards and Operations) Studies, where risks associated with transient operations may be analyzed and effectively mitigated to save lives and reduce Process Safety Incidents and related business losses. In 2023, TOH Studies were conducted for the MMA plant in Monomer II Operations and the HOFCC plant in Monomer I Operations as a part of their HAZOP revalidation studies.

COMBINED TRIR TREND (2019 – 2023)



Total Recordable Injury Rate:

0.026

Process Safety Incident and recorded a Process Safety Total Incident Rate (PSTIR):

0.00

48,400,000

48.4 million safe man-hours without LTI

This study involved the utilization of two guidewords for each step of one selected Standard Operating Procedure (SOP) for the emergency shutdown of the unit. The guidewords “step not performed” and “step performed wrong” were used to systematically identify potential hazards during the transient operations mode.

Also, the Process Safety Ground Rules contain 12 basic principles that emphasize good practices to prevent harmful process safety events. The Process Safety Ground Rules were developed along with an animated video with moving icons to effectively explain and communicate the ground rules to all Petro Rabigh employees and contractor workers.



Visible leadership and accountability in achieving safe and reliable operations. Petro Rabigh continued the Executive Management Weekly Plant Walkthroughs in 2023 and conducted 52 walkthroughs which were led by the P&CEO with the involvement of executive management members and were conducted in operation plants, workshops, laboratories, warehouses, and laydown yards, throughout the year. The walkthroughs were followed with safety recognitions, where 284 employees and contractors were recognized.

Petro Rabigh Safety performance is continually reviewed and monitored through the quarterly Health, Safety, Security, and Environment (HSSE) Steering Committee led by the P&CEO, HSSE Steering Committee Update to Board Sponsor, Process Safety Management Subcommittee (PSMSC), and cascading HSSE committees from the functional level up to a departmental level. Monitoring the safety performance of Petro Rabigh Company provides strategic and operational guidance to enhance strategies and programs to achieve Safety Excellence.

Awards and recognitions play a vital role in motivating organizations to strive for excellence with multifold efforts.

In 2023, Petro Rabigh was awarded the GPCA Responsible Care Excellence Award, as the runner-up in the category of Process Safety for its Tier 3 LOPC Investigation Tool &

Dashboard. Petro Rabigh received the award certificate during the 5th GPCA Responsible Care Conference in Bahrain. In securing the 2nd place award, Petro Rabigh was ahead of 10 chemical & petrochemical companies from the Gulf Region.

Moreover, Petro Rabigh was recognized by the Minister of Interior of the Kingdom of Bahrain during the American Society of Safety Professionals (ASSP) 14th Professional Development event in Bahrain. Petro Rabigh had participated in the event as a platinum sponsor. Well documented and implemented Permit-to-Work system ensures control and helps to safely manage high-risk activities in the workplace.



In 2023, Petro Rabigh revamped the work permit forms, following extensive research, the Company developed work permit forms and implemented them across the complex. The new forms have several enhancements aiming to increase pre-work permit issuance checks and safe closure assurance. These enhancements reflect outcomes of benchmarking with other peers, review of work permit audit findings, and feedback from work permit issuers and receivers. The rollout and implementation were preceded by training, and awareness sessions targeting all users.

Employees and contractors were motivated for thorough implementation of Work Permit requirements with ZERO infractions. Work permit issuers and receivers including contractors were recognized for zero infractions against the highest number of issued work permits, which were audited by SFD during the second quarter of 2023. Recognition was published through the messaging center announcement with the title “The Stars of Work Permit – 2nd Quarter 2023”.

Safety Training is important as it represents a good opportunity for employees to expand their knowledge and improve their job skills which results in improved safety performance of the Company. In 2023, two sessions of the Safety Leadership Workshop for Frontline Supervisors “Safety Boot Camp” were conducted to enhance the knowledge and awareness of

Petro Rabigh Safety Strategies, Analysis of Safety Incidents, Process Safety Management, Analysis of work permit infractions and Effective Frontline Supervisors Practices in Risk Management.



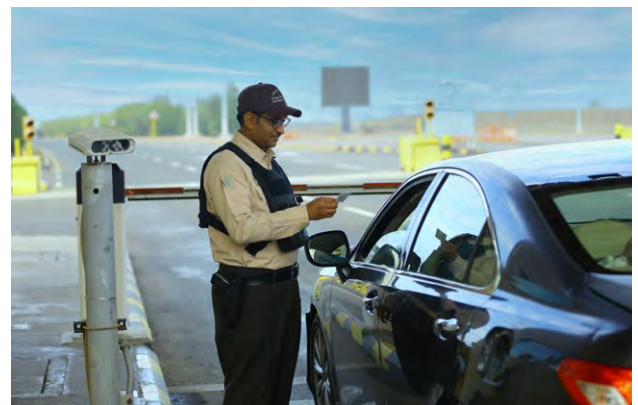
Campaigns are the main medium to interact with the maximum number of employees and contractors and spread the organization's message to them.

Four days safety campaign with live demonstrations and awareness sessions was conducted in Petro Rabigh in collaboration with various departments which included Safety, Maintenance, Power Systems, Fire Protection, Security, Community & Business Support, ITCD, New Business Development and 19 Contractor companies. It covered various topics including work

Process Safety Ground Rules. The safety campaign was conducted to be aligned with the Higher Commission for Industrial Security (HCIS) Safety Campaign all over Saudi Arabia.

Road Traffic Safety refers to the measures and methods taken to prevent the risk of road traffic accidents, injuries, and fatalities. It is to secure people while traveling on the roads. To further reinforce this program, the 2023 Safe Driving Awards were given to Petro Rabigh employees to encourage them to follow safe driving practices on and off the job. The contest was open to all employees having a valid driving license.

Safety publications play an important role in spreading safety messages, sharing lessons learned, learning from the mistakes of others, readily available safety requirements for critical activities,



at height, confined space, electrical safety, basic & special PPEs, safe hydrotesting, safe flange opening, forklift safety, etc. The campaign was held under the theme "No Complacency; Safety Matters" to signal the basic principle that safety is a continuous journey. During all these 4 days from 12-15 June, Petro Rabigh leadership, employees, and contractors visited the campaign and interacted on safety matters.

Also, the Safety Awareness Campaign was conducted for 10 days from September 20 – 30, 2023 by displaying and communicating the 10 Life Saving Rules, Safety Beliefs and Principles, and the

etc. In Petro Rabigh during 2023 we published Safety Flyers (13) on several topics, and ten (10) Incident alerts for the incidents that occurred in Petro Rabigh and outside.

NEW BUSINESS DEVELOPMENT

Rabigh PlusTech Park (RPTP) continues to solidify its position as Saudi Arabia's premier private industrial enclave, endorsed by the Saudi Authority for Industrial Cities and Technology Zones (MODON).

Tailored to synergize with Petro Rabigh, RPTP offers enticing investment avenues for both local and international investors in conversion and petrochemical sectors.

In a strategic move, Petro Rabigh has inked agreements with three esteemed entities, marking a significant milestone for RPTP. Pure Life Industries Middle East Co. brings its expertise in water desalination and wastewater treatment, championing sustainability and engineering excellence.

Green Community Company is set to revolutionize post-consumer plastic recycling in Saudi Arabia, with plans for the region's largest Green Plastic Recycling Plant within RPTP. Complementing these initiatives, Saudi Top Plastic Company brings its extensive experience in plastic raw materials, poised to establish a Recycling Plant within the park.

Bolstering these partnerships is RPTP's commitment to delivering top-notch support services, including power, water, and telecommunication infrastructure. Additionally, the park offers logistics support, competitive utility rates, plug-and-play amenities, and robust security measures. With these collaborations, RPTP emerges as a catalyst for downstream and petrochemical sectors, driving economic growth and employment opportunities in line with Saudi Vision 2030.

Opening a pioneering carbon capture facility

Petro Rabigh and Gulf Cryo have commenced operations at an advanced carbon capture and utilization facility in the Western Province of Saudi Arabia, marking a significant milestone in Petro Rabigh's commitment to sustainability. As part of a

long-term strategic partnership spanning more than 20 years, Gulf Cryo designed, built, and operated the advanced carbon capture plant at Petro Rabigh's Monoethyl Glycol (MEG) Plant.

This collaboration achieves an impressive 85% reduction in annual CO₂ emissions, in line with Saudi Arabia's Vision 2030 goal of achieving net zero emissions by 2060.



مجمع رابغ لتقنيات البلاستيك
Rabigh PlusTech Park

COMMUNITY

At Petro Rabigh, we pride ourselves on being a top-tier employer in Rabigh and the surrounding regions.

Our residential community is primarily composed of our dedicated employees and their families.

Throughout 2023, we organized a variety of events and activities as part of our community engagement efforts. These included Departmental Soccer and Volleyball Championships, the Petro Rabigh Marathon, a Racquets Tournament, Ramadan Festivities, Saudi National Day and Founding Day Celebrations, Weekly Winter Gatherings, Female Open Day, as well as other initiatives such as Anti-Drug Campaigns and Mangrove Plantations.

Our ongoing success is linked to the development and engagement of this vibrant residential community.

Our commitment to community engagement ensures a thriving, supportive environment where both our company and its people can grow and prosper together.





HUMAN CAPITAL

In 2023, Petro Rabigh continues to prioritize Human Capital Development, reinforcing our commitment to cultivating a resilient workforce that not only thrives but contributes significantly to our organizational success.

Recognizing our employees as our most valuable asset, we have diligently worked on various fronts to bolster their growth and performance.

Embarking on a transformative journey aligned with our strategic objectives for People and Work Environment, we've achieved notable milestones. This includes an outstanding 98% compliance rate in safety training and the establishment of a state-of-the-art digital platform for effective employee learning management.

Central to our approach is the recognition that our employees are the driving force behind our achievements. Consequently, we've implemented Individual Development Plans (IDPs) for each employee and instituted an Employee Development Review to foster meaningful discussions about growth and career progression.

In 2023, our focus expanded to include Behavioral and Leadership training for over 663 employees, ensuring they possess the requisite skills and support to excel in their roles.

The creation of the Center of Excellence (COE) within the Human Capital Development Department underscores our commitment to excellence. This initiative, driven by experts, facilitates knowledge-sharing across departments through 15 technical courses, benefiting 224 employees.

Our investment in employee development extends beyond our organization's borders. Collaborating with the Human Resource Development Fund (HRDF) and Cranfield University, we've provided valuable iLEAD courses, resulting in substantial savings of over 9.2 million Saudi Riyals.

Our continuous efforts to streamline processes and enhance systems have resulted in improved workflows, enriched Training Assessments question banks, and the introduction of eight new Structured Training Programs (STPs) across 36 plants.



Additionally, the revival of the ACT Engineering Program, comprising 12 modules in collaboration with SPSP, aims to train 36 young Saudi engineers from diverse disciplines.

At Petro Rabigh, our unwavering commitment is to nurture a culture of growth, development, and engagement for our employees. We firmly believe that by investing in our people, we are securing the future success of our Company.

ENVIRONMENT

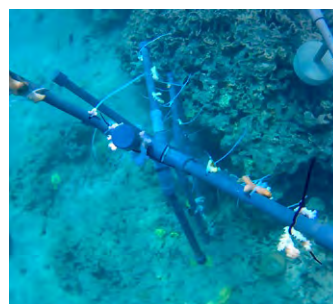
Petro Rabigh's unwavering commitment to Sustainability through Various environmental Initiatives.

Petro Rabigh's commitment to sustainability and environmental stewardship is exemplified by the completion of Phase 1 of its Mangrove Plantation Project, which successfully planted 10,000 mangroves.

Petro Rabigh's commitment to sustainability and environmental stewardship is exemplified by the completion of Phase 1 of its Mangrove Plantation Project, which successfully planted 10,000 mangroves. This initiative underscores the Company's dedication to promoting sustainable practices and environmental responsibility. As a forward-looking measure, the project aims to achieve carbon offset through its registration with Fair Carbon.

To further mitigate greenhouse gas (GHG) emissions, Petro Rabigh has commissioned an onsite carbon capture facility. This facility is projected to capture 110,000 tons of CO₂ annually, ultimately aiming to decarbonize operations and achieve a net-zero carbon footprint, in alignment with Saudi Arabia's targets set at the Green Initiative Forum of 2021.

Additionally, the Company has undertaken a coral reef restoration project, established (9) nine coral nurseries and populating them with 355 coral fragments. This effort focuses on the conservation of Acropora species, which are listed as "threatened and vulnerable" on the IUCN Red List, along the coastal waters of the community beach.



LOCALIZATION MILESTONES AT PETRO RABIGH

Over the past five years, Local Content has been at the core of Petro Rabigh's procurement strategy.

In 2023, the Company actively participated in the IKTVA forum, featuring a dedicated booth and hosting workshops to highlight localization opportunities.

This effort was strengthened by close collaboration with the Local Content and Government Procurement Authority (LCGPA) and peer benchmarking. These efforts culminated in the design, initiation, and approval of the Petro Rabigh Local Content Program (نشرى), which stands as a testament to the Company's determination to maximize its contribution to the Kingdom's economy.

Petro Rabigh has reached a significant milestone in its local content and localization initiatives. Demonstrating a strong commitment to enhancing and promoting its localization strategy, the Procurement Department has launched the Local Content Program (نشرى) in partnership with the Local Content and Government Procurement Authority (LCGPA).

This collaboration has been further solidified by signing a Non-Disclosure Agreement (NDA) and a Memorandum of Understanding between Petro Rabigh and LCGPA, aimed at knowledge exchange and establishing Petro Rabigh as a strategic partner of the authority.

Moreover, the Procurement Department collaborated with an auditor to calculate the local content for the 2021 and 2022 financial years, following the receipt of the 2020 local content certification, which stood at 42%. The preliminary local content scores for 2021 and 2022 have shown a remarkable increase, exceeding 48%. These results are pending official certification from LCGPA.

Looking ahead to 2024, Petro Rabigh is committed to continuing its localization efforts. This will involve enhancing systems, procedures, and engaging in knowledge exchange with LCGPA and industry peers, aiming to lead in localization and drive economic growth.



Year	Number of local manufacturers	Number of all local suppliers
2021	181	583
2022	192	605
2023	215	630

SUSTAINABILITY

Our ESG Sustainability strategies and practices continue to contribute to the goals of Saudi Vision 2030.



Sustainable growth is the core of the Saudi Arabia Vision 2030, and Petro Rabigh's Sustainability strategies and practices continue to contribute to the goals of Saudi Vision 2030.

The Company has adopted a management system approach in establishing its ESG – Sustainability Management that sees the integration of Environmental, Social and Governance components of the business into a coherent system, to further enable the achievement of its vision, mission, and objectives.

Petro Rabigh believes ESG Sustainability is a balance of society, economy, and environment for long-term resilience, ensuring that we have and will continue to have sound resources to protect human health and the environment.

Understanding the significance of our role in shaping the energy landscape and contributing to the prosperity of our nation, the Company has embarked on a journey of sustainable achievements, and in the process, receives the following accolades in terms of industrial excellence:

- Recognized by the Zakat, Tax, and Customs Authority for its role in enhancing clearance speed through a dedicated pre-submission initiative, which aims to create a more efficient and streamlined business environment in the country. This recognition is a testimony to the Company's ongoing efforts to improve business processes and contribute to the success of Saudi Arabia Vision 2030.



- Recognized for Collaboration and Innovation at the GDA



International Conference and Exhibition. This recognition by GDA (Gulf Downstream Association) is a testament to the Company's

leadership in a sector that faces increasing challenges from energy transition, sustainability, conflicts and price fluctuations, partnerships, and joint investment to ensure continued growth and success.

- Emerged as the Top-ranked Petrochemical Company at the National CSR Portal, showcasing its consistent and significant Corporate Social Responsibility (CSR) initiatives. The Company has achieved a perfect score of 5/5 in the National Corporate Social Responsibility evaluation, solidifying its commitment to responsible business practices.
- Recognized by the Gulf Petrochemicals and Chemicals Association (GPCA) at the 3rd GPCA Responsible Care



Excellence Awards. The Company secured Second Position for its Tier 3 Loss of Primary Containment (LOPC)

Dashboard. The awards ceremony showcased outstanding achievements in various categories, including Performance Metrics, Process Safety, Sustainable Environmental Protection. This award reflects the Company's commitment to responsible practices and its dedication to excellence in the industry.

- Honored by the Deputy Governor of Makkah Region, for its support of the Makkah Excellence Award. This prestigious accolade recognized the Company's outstanding



contributions to the Makkah Excellence Award and its commitment to excellence, innovation, and community engagement,

reaffirming the Company's dedication to making a positive impact in the region and upholding corporate responsibility.

- Received the Procurement Excellence Award for 'Best Practices in SAP ARIBA Catalog Management' at the SAP Spend Connect Summit. This accolade underscores the Company's dedication to operational excellence, particularly in e-Procurement, cementing Petro Rabigh's position as a leader in catalog sourcing implementation (e.g., Grainger, McMaster).

To demonstrate its commitment to quality, environment, health & safety, and social responsibility, our Company has successfully passed the surveillance audits conducted by TuV Nord for the following management system certifications:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- RC 14001:2015 Responsible Management System

In addition, the management of Petro Rabigh is proud that its QCD laboratories have received ISO/IEC 17025:2017 accreditation, as granted by the authorized international accreditation body A2LA (American Association for Laboratory Accreditation). This accreditation is a major milestone as this internationally recognized standard can help the Company gain access to new markets as it expands.

As a result of our strict adherence to these management system standards, the Company not only can achieve continual improvement in terms of our overall performance, but also guaranteeing high quality products and services, thus increasing global competitiveness, and addressing

future needs and expectations that pose a challenge in an increasingly dynamic and complex environment.

Petro Rabigh's unwavering commitment to Sustainability through Environmental Initiatives, is highlighted by the completion of Phase 1 of the Mangrove Plantation Project, marking the successful planting of 10,000 mangroves. This initiative underscores the significance of the Company's dedication in championing sustainable practices and environmental stewardship and, as a way forward, aims to gain Carbon Offset through the registration of this initiative at Fair Carbon.

To further reduce greenhouse gas (GHG) emissions, the Company has commissioned the onsite Carbon Capture facility. This facility is expected to capture 110,000 ton of CO₂e per year, and at the end, to completely decarbonize the operations and achieve a net-zero footprint that aligns with the target established for Saudi Arabia at the Green Initiative Forum of 2021.

The Company also executed a coral reef restoration project, focusing on the creation of nine (9) coral nurseries and populated these with 355 coral fragments along the coastal water of the community beach, targeting the IUCN red list "threatened and vulnerable" coral species of Acropora.

In terms of ESG information transparency and disclosure, the Company has improved the contents of its external Sustainability and Governance webpage, addressing the requirements of various ESG Rating Agencies (both local and global in scope).

Some of the improvements undertaken were the inclusion of Corporate Governance content in the form of links to all Corporate Governance Policies, Governance & Compliance Frameworks, and a description of each of the four (4) Board Committees.

Publication of the following newly approved Corporate Governance Policies at the Company's external website has been completed to ensure the continual improvement of ESG Sustainability performance and implementing the core principles of business sustainability:

- Anti-bribery / Anti-corruption Policy
- Anti-money Laundering Policy
- Sanctions and Trade Controls Policy
- 3rd Party Compliance Policy

As Petro Rabigh continues its journey, the Company remains steadfast in its commitment to sustainable growth and responsible business practices. By embracing innovation, fostering collaboration, and engaging with the community, Petro Rabigh aims to lead the way in creating a sustainable and prosperous future for all.

BUSINESS PROCESS IMPROVEMENT

Petro Rabigh Enhances Effectiveness and Efficiency with Business Process Improvement Initiative.



Petro Rabigh has embarked on an ambitious Business Process Improvement initiative. This initiative, integral to all staff, aims to apply Lean Six Sigma principles to streamline processes, eliminating inefficiencies and enhancing daily operations.

Petro Rabigh has embarked on an ambitious Business Process Improvement initiative. This initiative, integral to all staff, aims to apply Lean Six Sigma principles to streamline processes, eliminating inefficiencies and enhancing daily operations.

This program aims to streamline various business processes by eliminating waste, thus speeding up daily activities and improving overall workflow. Originating from a strategic decision by the Company's top management, this initiative has already achieved significant milestones, including a notable reduction in recruitment process time by 4 to 5 months.

Various teams across Petro Rabigh represented various functions/departments to improve business processes for Recruitment, Contracts, Procurement, and Materials management, who participated in a series of workshops held on late 2023 at the Leadership Center inside Petro Rabigh Community.

While more such workshops are planned in the future, this step marks a pivotal moment in Petro Rabigh's journey towards setting new benchmarks in operational excellence.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

In 2023, Petro Rabigh Company has implemented various socio-economic initiatives taken from the National CSR Portal, for Rabigh Governorate beneficiaries.



At Petro Rabigh Company our Corporate Social Responsibility (CSR) strategy is built upon four pillars:

Environment Protection and Awareness

The first pillar is concerned with environment protection and awareness about sustainable practices. We comprehend the absolute necessity of conserving this earth for future generations. That's why we have introduced schemes to minimize emission levels, reduce waste production, protect energy sources, etc.

Through community workshops, educational campaigns, and partnerships with environmental organizations we hope to create conditions for people and communities to make positive steps toward greener tomorrow.

Health and Wellness (Quality of Life)

We prioritize the well-being of our communities by going

beyond just our products and services. Our focus on health and wellness includes various initiatives that promote overall wellness for everyone.

Whether it's supporting health fairs and fitness programs or offering affordable healthcare services, we are committed to enhancing the quality of life for individuals and families in the areas we serve. Our goal is to empower individuals to live healthier and happier lives by emphasizing preventive care and fostering a wellness-focused culture.

Socioeconomic Development

We advocate for economic growth that is both inclusive and sustainable. Our initiatives for socioeconomic development aim to give opportunities for enabling women, and to all people,

especially those who are often left behind. Whether it's by creating jobs, helping people start their own businesses, or working on community projects, we are dedicated to helping the economy grow and giving individuals the power to improve their lives. We are focused on breaking down barriers and making sure that everyone has fair access to resources and chances to succeed, so that we can move towards a fairer and more prosperous society for everyone.

Petro Rabigh's CSR strategy is a testament to our commitment to responsible business practices and creating shared value for all stakeholders. By aligning with vision and values, we strive to make a meaningful and lasting impact on society and the environment. Together, we can build a world where people, planet,

and profit thrive, now and for generations to come.

Training and Education Development

Education is crucial for advancing society and promoting economic growth. We are committed to investing in programs and initiatives that enhance training and education within our communities.

By offering scholarships, vocational training programs, and forming partnerships with educational, and training institutions, we aim to broaden access to high-quality education and empower individuals with the necessary skills and knowledge to succeed in an ever-changing world.

By nurturing talent and encouraging lifelong learning, we are building a brighter future for future generations.

In 2023, Petro Rabigh Company has implemented various socio-economic initiatives taken from the National CSR Portal, for Rabigh Governorate beneficiaries.

- Ramadan Basket: provided food assistance to 738 needy families during the holy month of Ramadan.
- Eid Kiswah: provided gift vouchers for more than 108 widows, and 267 orphans in various areas in Rabigh Governorate.
- Enabling women: Trained 25 social security beneficiaries to start their own business.
- Supporting fishermen livelihood: Provided 30 local fishermen with full necessary equipment to ensure work sustainability.
- Supporting students: provided less privileged and orphaned students with all scholastic necessities to boost students' self-esteem, equal access to education, improve attendance and participation, and reduce stigma, and long-term impact.

Other implemented CSR initiatives according to The Company's CSR Strategy Pillars:

Socio –Economic Development

- RH Prince Khalid Al Faisal, Amir of Makkah Region initiatives.
- Reactivating Volunteering Team

- Saudi Founding Day Celebration
- Ramadan night's events
- 2023 Petro Rabigh BALOOT Championship
- Skills development Training program. Beads Course (Enablement)
- 93rd Saudi National Day

Training & Education Development

- Tamheer Program
- COOP Program
- Sponsoring students to attend the 18th edition of Leaders of Tomorrow, powered by SABIC.
- Educational support program for disadvantaged students.
- Donating complete desk computer devices
- Trips to Petro Rabigh Company
- Managing Stress & Burnout at Workplace, in collaboration with HOTS Academy & HRDF





Health & Wellness (Quality of Life)

- 2023 Petro Rabigh Marathon
- BALOOT Championship 2023
- Petro Rabigh Football Academy Participated O15 Championship in Jeddah
- Healthy Minds and Bodies: Fighting Drug Abuse
- Blood Donation Campaign
- Al Nahdi Care Health Lounge Initiative
- Health Literacy and Disease Prevention Event
- Hajj Vaccination Campaign
- World Food Safety Day, June 7th
- Wall Climbing Challenge for Kids - Badminton Competition - Talent Show
- Swimming Classes (Employees / Kids)
- Petro Rabigh football Academy training (Age from 13 – 19 years)
- Fun Games for Kids at swimming Pool
- Basketball classes
- Aqua Aerobics
- YOGA classes

Environment Protection and Awareness

- Mangrove Plantation Program
- Occupational Safety Training Sessions
- Civil Defense international day
- The national environment week
- Increasing the vegetation Area
- On site safety campaign
- Coral Reef Restoration Initiative
- Plastic removal from marine ecosystem
- Celebration of Environmental day
- (Earth Day, Earth Hour)
- Fundamental Environment Awareness Program
- Activation of Recycling Program
- Environmental Compliance Awareness for the community & Schools



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1. AT A GLANCE

A. CORE VALUES

Vision

"Best-in-Class Integrated Refining and Petrochemical Company, Operating in a Sustainable Manner"

Petro Rabigh is one of the world's largest integrated refining and petrochemical complexes. The company houses one of the world's largest high olefins fluid catalytic cracker (HOFCC) units and a world-scale ethane cracker. We are one of the Kingdom's largest producers of polypropylene, polyethylene and mono ethylene glycol and are the first producer of propylene oxide in the Middle East. Our products have markets throughout Europe, the Middle East, North Africa and East Asia.

We believe in our Vision. It inspires us to strive for excellence to be best-in-class and make a positive and sustainable impact on the world. That is who we are!

Mission

Our mission gives us a sense of purpose. It is a guiding principle that motivates us to be at our best and work together towards one goal.

We are here to:

Maximize shareholder value, utilizing our integrated resources in a world-class manner.

We believe that we are all shareholders; investors and employees, and we have a collective obligation to maximize return on investment for all of us together.

To achieve this goal, we have to maintain a reliable, sustainable level of productivity and optimum performance to drive growth and profitability.

Not only must our facilities and equipment be world-class, our people must be world-class too.

Petro Rabigh's engineers, operators, technicians, specialists, and administrators, are among the most capable in the industry.

All of this empowers our company with the tools of world leadership, and we will continue to strive and pursue our continuous mission in the future.

Values

Our corporate values form the guiding principles by which Petro Rabigh and its employees conduct their daily business dealings and relationships. These values are the elements which constitute our character and identity as a company.

Integrity

In Petro Rabigh, when we make a commitment, we keep it. We are fair and ethical. Our conduct in business is beyond reproach, and we stand up against misconduct.

Excellence

We benchmark, innovate, challenge ourselves and continually improve.

Discipline

It means that our business activities are characterized by focus and discipline, and we organize and focus our people and resources for maximum efficiency and effectiveness.

Teamwork

We work together, solve problems together, and get results in a collaborative manner to succeed together and celebrate together, and become best-in-class.

Accountability

We take our work with high professionalism. We take full responsibility for everything we do and the outcomes.

Citizenship

We act with full social responsibility, fueling economic growth for our communities, and creating trustful and lasting relations with our partners, for our precious Kingdom.

B. MAIN SCOPE

Company's Activities:

Petro Rabigh has two main activities, Refining and Petrochemicals Production. The two activities are fully integrated to maximize profit and minimize cost by recovering and converting low value products into higher margin products.

Refining

The Company has a capacity to process up to 400,000 barrels per day of Arabian light crude oil and produce 115 million barrels of gasoline, naphtha, jet fuel, diesel and fuel oil annually.

Petrochemicals

The Company has a capacity to produce up to 2.8 million tons annually of polyethylene, mono ethylene glycol, polypropylene and propylene oxide & other petrochemical derivatives, from crude oil, ethane and butane feedstock supplied by Saudi Aramco and 1.9 million tons of Paraxylene, Benzene, Phenol, Acetone by upgrading Naphtha produced from crude.

The following table includes the two activities contribution to Petro Rabigh business during the year 2023:

Activity	2023 Sales (SAR Thousands)	Contribution to Sales (%)
Refining	32,253,586	72%
Petrochemicals	12,350,407	28%
Total	44,603,993	100%

Rabigh PlusTech Park

Moreover, the Company's activities include owning, developing, and operating industrial complexes for conversion industries. In that respect, the Company has completed the Rabigh PlusTech Park (RPTP) handover from Saudi Aramco and Rabigh Conversion Industry Management Services Company in October 2021. Petro Rabigh has updated its bylaws to cover the activities of operating, maintaining, and leasing plots in RPTP.

Rabigh PlusTech Park is committed to building a sustainable future for all. As the leading private industrial park in Saudi Arabia, RPTP provides world-class support services, including power supply, water, telecommunication lines, logistic partners, competitive utility cost, plug & play infrastructure, facility management, and high-security zone. We strive to provide substantial investment opportunities to local and foreign investors in conversion and petrochemical-related industries. Our goal is to create a platform for broad downstream and petrochemical related industries in Saudi Arabia, boosting the local economy with various industries and services, creating job opportunities, and attracting local and foreign investments for high-value-added and export industries which serve the Saudi VISION 2030. Rabigh PlusTech Park joins hands with all who support promising sectors and foster their success so that they become new pillars of the Saudi economy.

Major Highlights

- Total RPTP Land Utilization achieved is 53%
- Total number of active tenants is 16
- During 2023, Three (3) new tenants signed land lease agreement:
 - Green Community for PET Bottles Recycling
 - Pure Life for Ceramics Filters Manufacturing
 - Saudi Top for Polymer Recycling
- Petro Rabigh will continue its best efforts to promote and attract new tenants that are strategically fit with Petro Rabigh and in line with Saudi Vision 2030.



2. BUSINESS PERFORMANCE

1. Assets, Liabilities and Results of Business for the Last Five Years

Statement of Profit or loss:

	In SAR Thousands				
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Sales	44,603,993	55,952,481	45,638,066	21,870,198	34,061,975
Refined Products	32,253,586	40,576,066	27,925,978	13,213,695	25,876,797
Petrochemical Products	12,350,407	15,376,415	17,712,088	8,656,503	8,185,178
Cost of sales	(45,182,492)	(54,268,748)	(40,881,573)	(22,772,807)	(32,344,064)
Gross profit (loss)	(578,499)	1,683,733	4,756,493	(902,609)	1,717,911
Selling, General and Administrative Expenses	(2,116,967)	(1,772,669)	(1,716,064)	(1,588,839)	(1,366,724)
Other (expense) income - net	(1,997,267)	(1,025,945)	(1,003,768)	(1,289,680)	(895,338)
Net profit (loss) after Zakat and tax	(4,692,733)	(1,114,881)	2,036,661	(3,781,128)	(544,151)

Statement of Comprehensive Income:

	In SAR Thousands				
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Net (loss) profit after Zakat and tax	(4,692,733)	(1,114,881)	2,036,661	(3,781,128)	(544,151)
Remeasurement (loss) gain on defined benefit plan	(12,345)	154,406	43,122	(61,619)	(69,187)
Tax effect	926	(11,580)	(3,234)	4,621	10,378
Items that will not be reclassified to statement of profit or loss in subsequent periods	(11,419)	142,826	39,888	(56,998)	(58,809)
Total comprehensive (loss) income for the year	(4,704,152)	(972,055)	2,076,549	(3,838,126)	(602,960)

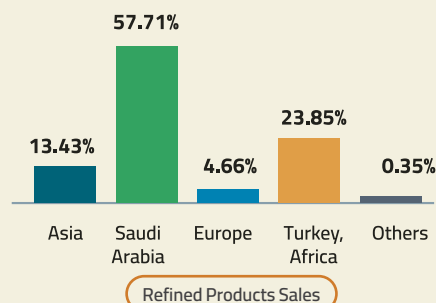
Statement of Financial Position:

	In SAR Thousands				
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Current assets	11,938,963	12,260,809	17,895,462	9,506,504	11,520,263
Non-current assets	51,263,916	53,317,923	55,466,561	61,187,505	62,509,385
Total assets	63,202,879	65,578,732	73,362,023	70,694,009	74,029,648
Current liabilities	22,756,224	26,931,280	33,801,080	20,185,156	27,946,114
Non-current liabilities	29,895,974	23,392,591	31,255,032	44,305,370	36,042,127
Equity	10,550,681	15,254,861	8,305,911	6,203,483	10,041,407
Total equity and liabilities	63,202,879	65,578,732	73,362,023	70,694,009	74,029,648

2. Geographical analysis of the Company's revenues

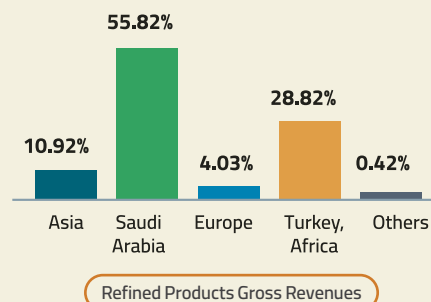
Refined Products Sales

Destinations	Volume (BBL)	%
Asia	12,767,356	13.43%
Saudi Arabia	54,844,146	57.71%
Europe	4,430,521	4.66%
Turkey, Africa	22,660,840	23.85%
Others	328,657	0.35%
Total	95,031,520	100%



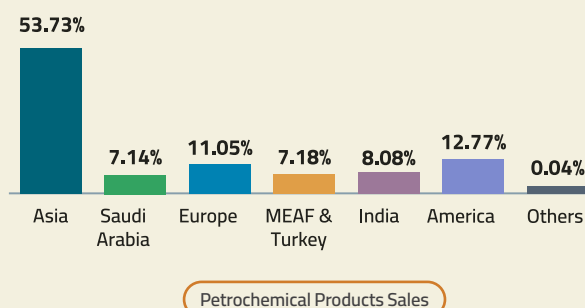
Refined Product Gross Revenues

Destinations	Sales (SAR)	%
Asia	3,521,245,313	10.92%
Saudi Arabia	18,002,477,199	55.82%
Europe	1,300,578,492	4.03%
Turkey, Africa	9,294,694,028	28.82%
Others	134,590,950	0.42%
Total	32,253,585,982	100%



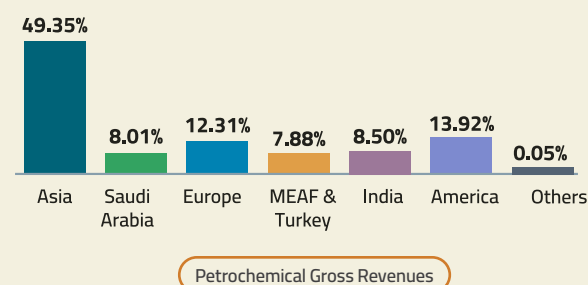
Petrochemical Product Sales

Destinations	Volume (MT)	%
Asia	1,935,945	53.73%
Saudi Arabia	257,428	7.14%
Europe	398,262	11.05%
MEAF & Turkey	258,618	7.18%
India	291,245	8.08%
America	460,235	12.77%
Others	1,516	0.04%
Total	3,603,248	100%



Petrochemical Product Gross Revenues

Destinations	Sales (SAR)	%
Asia	6,095,027,630	49.35%
Saudi Arabia	988,679,022	8.01%
Europe	1,519,804,708	12.31%
MEAF & Turkey	972,759,044	7.88%
India	1,049,666,920	8.50%
America	1,718,637,319	13.92%
Others	5,832,768	0.05%
Total	12,350,407,413	100%



3. Material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company

Following is a brief description of the 2023 financial outcome in comparison to the previous year:

- Net loss after Zakat and Tax for the year ended December 31, 2023 is SAR 4,693 million (December 31, 2022: net loss SAR 1,115 million).
- Loss per share for the year ended December 31, 2023 is SAR 2.81 per share (December 31, 2022: loss per share SAR 0.79).
- The gross loss for the year ended December 31, 2023 is SAR 578 million (December 31, 2022: gross profit SAR 1,684 million)

The reason of the increase in net loss for the current year compared to last year was primarily due to the following reasons:

- The challenging market conditions adversely affecting the margins for both refined and petrochemical products;
- The significant increase in the financing costs because of rising interest rates;
- The unplanned shutdown of the Ethane cracker unit starting from March 1, 2023, to March 20, 2023, or necessary maintenance activities to enhance the plant's reliability and the unplanned shut down of the High Olefins Fluid Catalytic Cracker (HOFCC) unit for necessary repairs & maintenance during December 2023; and
- A one-off provision of Saudi Riyals 365.7 million relating to a claim raised by a third-party against the Company.

The Company's accumulated losses as of December 31, 2023, amounted to Saudi Riyals 6,406 million representing 38.34% of the Company's share capital of Saudi Riyals 16,710 million. The main causes of these losses are stated above in response to "the reason of the increase (decrease) in the net profit during the current year compared to the last year".

The Directors have taken following actions to address Company's accumulated losses situation:

- Evaluated the Company's funding position and liquidity to assess the Company's ability to meet its obligations as they fall due and had reviewed and approved the Company's Business Plan for the years 2024, 2025 and 2026 including cash flows and forecasts.
- Reviewed potential founding shareholders support through payment term adjustments and crude slate changes, which is expected to improve the Company's cash flows position and products margin.
- Reviewed the economics and cashflow projections of two mega projects - Debottlenecking Project (DBN) and Diesel Hydrotreater Project (DHT) and assessed its impact on the Company's profitability and cashflows, which is expected to favorably impact the Company's profitability in the medium and long-term period.
- Evaluated the Transformation Program where several value-added initiatives were introduced to improve the profitability of the Company. The Transformation Program was started in 2021, whereby the Company has implemented 185 initiatives with the objective of reducing the Company's operational cost and increase revenue. The Transformation Program is now entering its fourth year and the Directors have also reviewed 40 new initiatives intended to further reduce the operating losses during the year ending 2024 in addition to the recurring value of the 185 initiatives previously implemented.

4. Compliance with the standards approved by the Saudi Organization for Certified Public Accountant (SOCPA)

The financial statements of the Company have been prepared in compliance with International Financial Reporting Standards (IFRS) as well as other standards and pronouncements as endorsed by SOCPA. There is no inconsistency with the standards approved by SOCPA.

5. Name of each Affiliate Company, its capital, the Company's ownership percentage, the main scope of business, country of operation and country of incorporation.

N/A

6. Shares and debt instruments issued for each Affiliate Company

N/A

7. Loans (payable upon request or not), a statement of the total indebtedness of the Company, any amounts paid by the Company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount

A) Loans and facilities from banks, financial institutions, founding shareholders and their affiliates

i. During the year 2015, the Company entered into Consortium Loan Agreements with commercial banks and financial institutions for Phase II Expansion Project. The following table shows loans from commercial banks and financial institutions relating to the Expansion Project (Phase II Project).

ii. The Company also entered into the following agreements in 2020:

- Revolving corporate facilities with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical, based on prevailing market rates. The facilities available under each of these agreements amount to SAR 2,812.5 million (collectively SAR 5,625 million). These facilities are secured by promissory notes issued by the Company in favor of each lender.
- Corporate facility agreement with Saudi Aramco. The facility available under this agreement amounts to SAR 1,875 million and is unutilized as at December 31, 2023. The facility bears financial charges based on prevailing market rates. The facility is secured by promissory note issued by the Company in favor of Saudi Aramco to the extent of drawdown made.

The Loans and facilities from banks, financial institutions, founding shareholders and their affiliates is tabulated below:

Lender	In SAR Thousands					
	Loan Availed up to December 31, 2023	Loan Tenor (Years)	Balance on December 31, 2022	Additions / Restructuring during 2023	Repayments / Restructuring during 2023	Balance December 31, 2023
Japan Bank For International Cooperation	7,492,500	12.5 - 13	5,182,502	-	(536,096)	4,646,406
Commercial Banks	3,506,250	12.5 - 13	1,683,873	-	(174,186)	1,509,687
Public Investment Fund	4,875,000	12.5 - 13	3,372,037	-	(349,050)	3,022,987
Islamic Financial Institutions	3,506,250	12.5 - 13	444,792	-	(46,011)	398,781
Sumitomo Mitsui Banking Corporation - Equity Bridge Loans	8,250,000	7	9,309,514	-	(3,027,946)	6,281,568
Aramco Overseas Company - Equity Bridge Loans	3,000,000	7	-	3,000,000	(13,288)	2,986,712
Saudi Aramco - Revolving Corporate facility	1,762,500	3	1,087,500	675,000	-	1,762,500
Sumika Finance Company - Revolving Corporate facility	1,762,500	3	1,087,500	675,000	-	1,762,500
Accrued Interest on loans	-	-	49,495	1,484,113	(1,486,951)	46,657
Total	34,155,000	-	22,217,213	5,834,113	(5,633,528)	22,417,798

B) Loan from Saudi Industrial Development Fund (SIDF)

During the year ended December 31, 2019, the Company entered into a loan agreement with SIDF to replace a portion of the loans for Phase II Expansion Project. The facility available under this loan agreement amounts to SAR 3,600 million and is fully utilized as at December 31, 2023. The loan is repayable in unequal semi-annual instalments commencing from Rabi Aakhir 1443H corresponding to November 2021 to Shawwal 1453H corresponding to January 2032. Upfront fee amounting to SAR 288 million was deducted at the time of receipt of the loan and is amortized over the loan term. The loan also bears a follow up fee to be paid on semi-annual basis. The loan has certain covenants, which among other things requires certain financial ratios to be maintained. The loan facility is secured by a mortgage on the property, plant and equipment of the Company amounting to SAR 7,200 million.

C) Other Facilities

- The Company has working capital facilities of Saudi Riyals 3,375 million with local commercial banks on prevailing market rates. During the year ended December 31, 2023, drawdowns and repayments amounting to Saudi Riyals 31,150 million and Saudi Riyals 28,535 million, respectively have been made by the Company with a closing balance of Saudi Riyals 3,262 million as at December 31, 2023.
- The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at December 31, 2023, the facility has been unutilized.

8. Convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard

N/A

9. Conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

N/A

10. Redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding

N/A

11. Transactions between the Company and any Related Party

Agreement Nature, Condition and Duration (Amounts in SAR'000)

1. Purchase of Goods (Amount: 39,289,907)

- (a) Crude Oil Feedstock Supply Agreement (COSA)** with Saudi Aramco for the supply of crude oil feedstock requirements in respect of the Complex, up to a maximum supply of 400,000 bpd. **Duration:** 30 years commencing from October 1, 2008.
- (b) Ethane Feedstock Supply Agreements** with Saudi Aramco for the supply of ethane feedstock requirements in respect of the Complex, up to a maximum supply of 125 million standard cubic feet per day (MMSCFD). **Duration:** 20 years commencing from respective effective dates stated in the Agreements.
- (c) Butane Feedstock Supply Agreement** with Saudi Aramco for the supply of butane feedstock requirements in respect of the Complex, up to a maximum supply of 12,000 barrels per day (bpd). **Duration:** 20 years commencing from December 1, 2008.
- (d) Petroleum Product Sales Agreement** with Saudi Aramco for the supply of fuel oil up to a maximum of 32 MBD monthly which the Company would, in turn, supply to Rabigh Arabian Water and Electricity Company (RAWEC) for use as fuel for the provision of certain utilities to the Company. **Duration:** 25 years commencing from June 1, 2008.
- (e) Fuel Oil Supply Agreement** with Saudi Aramco for the supply of fuel oil up to a maximum of 20 MBD monthly, which the Company would, in turn, supply, to RAWEC for use as fuel for the provision of certain utilities to the Company. **Duration:** 25 years commencing from February 15, 2018.
- (f) Allocated Sales Gas Supply agreement** with Saudi Aramco for the supply of Sales Gas up to a maximum of 50 MMSCF per day. **Duration:** 20 years commencing from July 1, 2020.
- (g) The Company also has various other agreements** for materials, goods and services with Saudi Aramco and its affiliated Companies. **Duration:** Annual Charge.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

2. Purchase of Goods (Amount: SAR 69,117)

The Company has various agreements for materials, goods and services with Sumitomo Chemical Company and its affiliated Companies. **Duration:** Annual Charge.

Related Party: Sumitomo Chemical Company and its associated companies.

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company: **Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi**

3. Sale of Refined Products & Petrochemical Products (Amount: 38,055,923)

- (a) **Phase I Refined Products Offtake Agreement (RPOA)** with Saudi Aramco as a "Buyer" of certain refined products listed therein. **Duration:** 5 years commencing from May 1, 2019, and further extendable for another 5 year period.
- (b) **Sulphur and Refined Products Lifting and Marketing Agreement (SRPLMA)** with Saudi Aramco as a global "marketer" of certain refined products listed therein. **Duration:** 5 years commencing from May 1, 2019, and is further extendable for an additional 5 year period.
- (c) **Liquefied Petroleum Gas and Light Naphtha Lifting and Marketing Agreement** with Saudi Aramco as global "Marketer" of liquefied petroleum gas and light naphtha. **Duration:** 10 years commencing from November 30, 2018 and further extendable for an additional 5 year period (also see d below).
- (d) **Phase II Light Naphtha Offtake Agreement** with Saudi Aramco as "Buyer" of Light Naphtha produced by the Complex effective from September 1, 2021. **Duration:** Valid up to November 30, 2028, and further extendable for an additional 5 year period.
- (e) **Phase I Petrochemical Products Marketing Agreement (PPMA)** with Saudi Aramco as global "Marketer" of Phase I petrochemical products. Pursuant to an Assignment and Assumption Agreement dated March 28, 2017, Saudi Aramco assigned its rights and obligations under its respective PPMA to its affiliate, Aramco Trading Company (ATC). Further, pursuant to Assignment and Assumption Agreements dated February 11, 2020, ATC assigned its rights and obligations under: (i) the Propylene Oxide PPMA, to Aramco Trading Singapore PTE. Ltd (ATS) and (ii) remaining respective PPMA's, to Aramco Chemicals Company (ACC). During the year ended December 31, 2021, both ATS and ACC transferred their rights and obligations under their respective PPMA's to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021. **Duration:** 10 years commencing from April 1, 2014, and further extendable for another two consecutive 5 year periods.
- (f) **Phase II Petrochemical Products Marketing Agreements** with Saudi Aramco as global "Marketer" of Phase II petrochemical products. Pursuant to Assignment and Assumption Agreements dated February 11, 2020, Saudi Aramco assigned its rights and obligations under its PPMA's to its affiliates; Aramco Chemicals Company (ACC) and Aramco Trading Singapore PTE Ltd. (ATS). During the year ended December 31, 2021, ACC transferred its rights and obligations under its PPMA's to Saudi Basic Industries Corporation (SABIC), Aramco Trading Company (ATC) and Arlanxeo Netherlands B.V and ATS transferred its rights and obligations under its respective PPMA's to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021. **Duration:** 10 years commencing from the accumulated production date and further extendable for another 5 years.
- (g) **Domestic Distribution Agreement (DDA)** with Aramco Trading Company (ATC) as local "Distributor" of certain petrochemical products for onward sale and distribution within the Kingdom. Pursuant to an Assignment and Assumption Agreement dated February 11, 2020 ATC transferred its rights and obligations under the DDA to ACC. During the year ended December 31, 2021, ACC transferred its rights and obligations under the DDA to SABIC pursuant to a Transfer Agreement effective from October 5, 2021. **Duration:** The supply and distribution obligations of each party with respect to a given product will terminate upon the expiration or termination of the global product lifting and marketing agreement corresponding to the same product.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

ATC, ATS, SABIC and ARLANXEO are Saudi Aramco affiliates.

4. Sale of Petrochemical Products (Amount: 5,074,367)

- (a) **Phase I Petrochemical products marketing agreement (PPMA)** with Sumitomo Chemical Asia PTE Limited (affiliate of Sumitomo Chemicals Company) as global "Marketer" of Phase I petrochemical products. **Duration:** 10 years commencing from April 1, 2014, and further extendable for another two consecutive 5 year periods.
- (b) **Phase II Petrochemical products marketing agreements** with Sumitomo Chemical Asia PTE Limited (affiliate of Sumitomo Chemicals Company) as global "Marketer" of Phase II petrochemical products. **Duration:** 10 years commencing from the accumulated production date and further extendable for another 5 years.
- (c) **Liquefied Petroleum Gas and Light Naphtha lifting and marketing agreement** with Sumitomo Chemical Company as global "Marketer" of liquefied petroleum gas and light naphtha. **Duration:** 10 years commencing from November 30, 2018 and further extendable for an additional 5 year period.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

5. Financial Charges (Amount: 317,948)

- (a) **Revolving Corporate Facility Agreement** with Saudi Aramco pursuant to which, a corporate facility of Saudi Riyals 2,812.5 million has been made available to the Company. **Duration:** Annual Charge
- (b) **Corporate Facility Agreement** with Saudi Aramco pursuant to which, a facility of Saudi Riyals 1,875 million has been made available to the Company. **Duration:** Annual Charge
- (c) **Rabigh Community Agreement** with Saudi Aramco in respect of leases of land and infrastructure facilities. **Duration:** 25 years from October 1, 2014.
- (d) **Terminal Lease Agreement** with Saudi Aramco in respect of the existing Rabigh Marine Terminal. Pursuant to this agreement, Saudi Aramco grants to the Company an exclusive right to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site. **Duration:** 30 years effective from October 1, 2008.
- (e) **Land Lease Agreement** with Saudi Aramco for lease of approximately 20 million square meters of land. **Duration:** 99 years, with effect from Nov 1, 2005 and subject to extension for additional consecutive periods as may be agreed between the parties.
- (f) **Rabigh PlusTech Park Land Lease Agreement** with Saudi Aramco pursuant to which, Saudi Aramco leases approximately 2.4 million square meters of land at PlusTech Park Site to the Company. **Duration:** 35 years effective from October 1, 2021 and subject to extension for additional consecutive periods as may be agreed between the parties.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

6. Financial Charges (Amount: 98,494)

- (a) **Revolving Corporate Facility Agreement** with Sumika Finance Company Limited (wholly owned subsidiary of Sumitomo Chemical Company) pursuant to which, a corporate facility of Saudi Riyals 2,812.5 million has been made available to the Company. **Duration:** Annual Charge.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

7. Rentals (Amount: 24,649)

- (a) **Land Lease Agreement** with Saudi Aramco for lease of approximately 20 million square meters of land. **Duration:** 99 years, with effect from Nov 1, 2005 and subject to extension for additional consecutive periods as may be agreed between the parties.

- (b) **Terminal Lease Agreement** with Saudi Aramco in respect of the existing Rabigh Marine Terminal. Pursuant to this agreement, Saudi Aramco grants to the Company an exclusive right to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site. **Duration:** 30 years effective from October 1, 2008.
- (c) **Rabigh Community Agreement** with Saudi Aramco in respect of leases of land and infrastructure facilities. **Duration:** 25 years effective October 1, 2014.
- (d) **Rabigh PlusTech Park Land Lease Agreement** with Saudi Aramco pursuant to which, Saudi Aramco leases approximately 2.4 million square meters of land at PlusTech Park Site to the Company. **Duration:** 35 years effective from October 1, 2021 and subject to extension for additional consecutive periods as may be agreed between the parties.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

8. Secondees' Costs (Amount: 11,837)

Secondment Agreement with Saudi Aramco dated June 12, 2006 pursuant to which, Saudi Aramco may, from time to time, second certain personnel to the Company to assist in the conduct of its business and operations. **Duration:** Continuous term to apply effective from June 12, 2006 until the date on which the shareholder ceases to be a shareholder of the Company

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

9. Secondees' Costs (Amount: 4,564)

Secondment Agreement with Sumitomo Chemical Company dated July 1, 2006 pursuant to which, Sumitomo Chemical Company may, from time to time, second certain personnel to the Company to assist in the conduct of its business and operations. **Duration:** Continuous term to apply effective from July 1, 2006 until the date on which the shareholder ceases to be a shareholder of the Company.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

10. Services and Other Cost Charges, Net (Amount: 18,212)

Services agreements with Saudi Aramco and its affiliates in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These agreements also cover the ongoing technical support needed for continuous operations, and the marketing technical services, engineering and safety best practices and training being provided by Saudi Aramco. The Company pays for these services at the mutually agreed prices specified in each agreement. **Duration:** Annual Charge

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

11. Services and Other Cost Charges, Net (Amount: 260)

Services Agreements with Sumitomo Chemical Company and its affiliates in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These

agreements also cover the ongoing enhancements (such as refining and petrochemical process know-how) and the marketing technical services, engineering and safety best practices and training being provided by Sumitomo Chemical Company. The Company pays for these services at the mutually agreed prices specified in each agreement. **Duration:** Annual Charge

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company: **Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi**

12. Businesses or contracts to which the Company is a party and in which a director of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the businesses or contracts.

The Board of Directors of the Company declared that except for the information mentioned in Item 11 above, there are no businesses or contracts to which the Company is a party, and in which a Director of the Company or its Senior Executives or any person related to any of them is or was interested.

13. Paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefore

The Company's outstanding amounts to Zakat, Tax and Customs Authority (ZATCA) and General Organization for Social Insurance (GOSI) are as follows:

	2023		Brief description	Reasons
	Paid SAR ('000s)	Charges that have not been paid until the end of the annual financial period SAR ('000s)		
Zakat	36,752	0	During the year 2023, the Company filed its Zakat and Tax Return relating to year ended December 31, 2022, with ZATCA and the Zakat payable for the year 2022 as per the filed Return was Nil. The Company paid Zakat amounting to SAR 36,752 thousands to ZATCA during the year 2023 pursuant to revised assessments received for years 2009 – 2010 and 2017 – 2018.	Zakat for the year 2023 is Nil due to negative Zakat base.
Tax	0	0	During the year 2023, the Company filed its Zakat and Tax Return relating to year ended December 31, 2022, with ZATCA and the tax payable for the year 2022 as per the filed Return was SAR Nil.	Income Tax payable as at December 31, 2023 is Nil due to negative tax base for year 2023.
General Organization for Social Insurance	114,893	9,452	During the year 2023, the Company paid SAR 114,893 thousand to GOSI.	Balance GOSI payable as at December 31, 2023 is paid to GOSI Authority in the subsequent month of January 2024.
Costs of visas and passports	447.8	0	Paid to Ministry of Interior (MOI).	Renewal of Iqamas, Passports and Visas.
Labor Office Fees	53.9	0	Paid to Ministry Labor Office (MOL).	Renewal of the work permits.

14. Investments made or any reserves set up for the benefit of the employees of the Company

A. Shares Ownership Incentive Program for Employees

In 2008, the Board of Directors approved implementation of an Employee Share Ownership Plan (ESOP) which provided 800 shares to eligible employees at the end of a 5-year maturity period. To implement this, the Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO period at the offer price of SAR21 per share. These ESOP shares are managed by Riyadh Capital under an open-ended mutual fund which has offered to subscribe and hold such shares "on trust" for the employees as part of an Administrative Service Agreement. These shares, as service awards to employees, were to be amortized evenly over a period of five years and allocated to eligible employees when the vesting period was fully completed.

Out of 1,894 employees who originally participated in the Program, a total of 1,650 employees completed the 5-year vesting period and became eligible for the allotted shares ownership.

B. Home Ownership Incentive Program

The Board of Directors of Petro Rabigh approved implementing an incentive program for the Saudi employees to own housing units. The program aims at providing stability for staff and the convenience of living near the Company's Facilities, which should positively reflect on their performance and continued employment with the Company. As per this program, the employee can own or build a housing unit for a single family. As of the end of 2023, a total of 1,048 employees have already joined the program.

C. Employee Lot Allowance

Part of the Home Ownership Program (HOP) the Company provides an amount of SAR 200,000 as a land lot allowance. This amount is considered as a personal loan depreciating over 10 years of Company service.

The employee will only be required to repay this loan if he/she leaves the Company before completing 10 years of continuous service from the loan date.

D. Annual Variable Bonus Scheme

The Company administers an Annual Variable Bonus Scheme that is performance and profitability driven, with profitability as a bonus trigger (no profitability, no bonus) and a bonus ceiling of 3.5 monthly basic salaries. The Scheme allocates 70% weight to the Company Performance as measured by a set of specific KPIs, and 30% to Employee Performance. Detailed KPIs covering the Company's Corporate Objectives are established to measure the Company performance, reflect quantified results, and drive employee positive behavior, with special emphasis on Safety and Compliance.

E. Employee Savings Plane

The Company offers its employees the opportunity to enroll in a savings plan program where the employee contributes a percentage not exceeding 10% of his/her basic salary. The Company then rewards the employee at the rate of 10% for each year of continuous service, up to 100% of the monthly employee's contribution starting with the 10th year of continuous service.

The Balance as of December 31, 2023 for the above mentioned Programs and Funds are as follows:

Description	Balance In SAR Thousands
Shares Ownership Incentive Program for Employees	5,305
Employee Housing Loan- Home Ownership Program (10% Fund)	14,094
Employee Lot Allowance (Home Ownership Program)	68,402
Employer's contribution to Employee Savings Plan	152,403

15. If the External Auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information

N/A

16. Treasury shares held by the Company and details of the uses of such shares

N/A

17. Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and the future expectations

Petro Rabigh is currently undergoing Design Scoping and feasibility for 3 major projects that will have a considerable business improvement in terms of economics as well as placing Petro Rabigh in a competitiveness position amongst market peers. Those projects are:

Bottom-of-the-Barrel Project (BOTB)

The main objective of this project is to design and build a Residue Desulfurization Unit to produce very low Sulfur fuel oil (VLSFO) 0.5wt% S. in addition, upon the completion of this project, Petro Rabigh Complex will have the capability to meet the future High-Severity FCC feed properties allowing for further expansion in the Petrochemical (polyolefins) sector. This project will add further economic value to support the Company's business improvement and growth.

Additionally, the project will support Vision 2030 and

accelerate the Kingdom's strategy to transition to cleaner energy sources in power generation and reduce sulfur emissions through Upgrading High Sulphur Fuel Oil to Clean Fuels, Enable Petro Rabigh to meet global fuel quality standards and IMO 2020 regulation, Position Petro Rabigh to be one of the most competitive, highest conversion and sophisticated refineries in the world, and Transfer state of the art technology and know-how to the Kingdom. This project has completed the design basis scoping paper (DBSP), and it is undergoing the bidding process for the front-end engineering design (FEED).

The Diesel Hydrotreater Unit (DHT)

The main objective of this project is to design and build a new Diesel Hydrotreating (DHT) unit to produce Ultra-Low Sulfur Diesel. In addition, this unit will have the capability to accommodate the additional Diesel production from High-Severity FCC configuration as part of future BOTB expansions.

This project is currently at engineering, procurement, and construction (EPC) contract bidding Phase will add further economic value to support the Company business improvement and growth. Additionally, the project will support Vision 2030 and accelerate the Kingdom's strategy to transition to cleaner energy sources and reduce sulfur Emissions, enable Petro Rabigh to meet global fuel quality standards as well as Saudi requirements for Clean Diesel.

ECR and HOFCC Debottlenecking Project

The main objective of this project is to remove the existing capacity constraints for both money makers technologies aiming to maximize the Company's profit margin and financial growth. The project will result in expanding petrochemical production capacities in two stages to 127% and to 115% of current capacity for ethylene and propylene products respectively enabling further expansion opportunities for the local downstream demand. Currently, Petro Rabigh is proceeding with the 1st stage of the expansion which will increase the ethylene and propylene productions by 105% and 109% respectively.

These projects are at the initial design stage and as the Company advances in detail design a final decision will be made on the investments.

3. RISK MANAGEMENT

The business of Petro Rabigh relies on Oil Refining and Petrochemical Production which is exposed to the following potential risks:

A. Financial Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk principally arises from cash and cash equivalents, trade receivables, long-term loans and other receivables. Cash and cash equivalents are placed with banks with sound credit ratings. The majority of trade receivables representing 99.8% (December 31, 2022: 99.4%) is from founding shareholders and their affiliates with historically strong credit ratings and is stated at respective realizable values. In the event of disagreement on any invoice, the marketer is required to pay the full value of the invoice prior to resolution of the disagreement. The Company does not obtain collaterals over receivables. As at December 31, 2023, there were overdue debts equivalent to 0.3% (December 31, 2022: 3%) of the trade receivables of Company's allowed credit periods. The loans are receivable from employees and are secured by mortgages on the related housing units. The Company is not exposed to significant credit risk on other receivables.

Commodity Price Risk

The Company is exposed to the risk of fluctuations in the prevailing market prices on the Refined and Petrochemical Products it produces. The Company's policy is to manage these risks through the use of contract-based prices with major customers, based on the agreements entered by the Company. The Company does not enter into commodity price hedging arrangements.

Fair Value and Cash Flow Interest Rate Risks

The Company is exposed to the risk associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from its short-term deposits, loans from banks and financial institutions and loans from founding shareholders and their affiliates, which are at floating rate of interest and are subject to re-pricing on a regular basis.

Fair value of financial assets and liabilities carried at amortized cost approximate their carrying amounts.

Interest rate sensitivity

As at December 31, 2023, it is estimated that a general increase / decrease of 50 basis points in floating interest rates on loans and borrowings, with all other variables held constant, would increase / decrease the Company's profit (loss) for the year by approximately Saudi Riyals 128.2 million (December 31, 2022: Saudi Riyals 114.1 million).

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on regular basis and the Company ensures that sufficient liquid funds are available to meet any commitments as they arise. The Company aims to maintain sufficient level of its cash and cash equivalents to meet expected cash outflows of financial liabilities.

The Company's financial liabilities consist of trade and other payables, loans and borrowings, lease liabilities and accrued expenses and other liabilities. All financial liabilities except for loans and borrowings, lease liabilities, are non-commission bearing and expected to be settled within 12 months from the date of statement of financial position.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are principally in Saudi Riyals and US Dollars. The Company monitors the fluctuation in currency exchange rates and believes that currency risk is not significant to the Company.

B. Risks Related to the Economic Situation

The Company acknowledges the global economic challenges and significant market volatility affecting Petro Rabigh's products. Elevated inflation rates, declines in manufacturing indicators, and continued interest rate hikes have adversely impacted Petro Rabigh's product performance over the past year. Within this economic landscape, crude oil prices witnessed a decline, influencing petrochemicals and refined products and exerting pressure on product cracks, resulting in less favorable margins. This situation was further complicated by increased refined product supply from new refinery capacities, particularly in Asia (China, India, and the Middle East) and Africa. Consequently, the Company constantly and closely monitors market circumstances, supply and demand, interest, and currency rates in order to anticipate and plan for any downturns.

C. Risks Related to Operations

The Company's sources of revenue heavily rely on the smooth operation of plants and facilities that are dependent on the risk factors including but not limited to the plant performance & capacity utilization, crisis management, protection of the HSSE essentials, strong engineering support, reliable operational technology infrastructure, dependable supply chain, adherence to the applicable legal and regulatory requirements etc.

In order to maintain steady operations, Petro Rabigh Management regularly reviewing all operations related risks and developed mitigation plans per need.

D. Risks Related to Governance

The Board of Directors, among its other responsibilities, performs the role of setting the Company's strategic direction. In doing so the Board relies on management's reports and representations regarding the Company's operations and activities. Accordingly, there is a potential risk in exercising this role if inaccurate or incomplete information is delivered to the Board of Directors, which could lead to ineffective direction and possibly result in an impact on profitability. To manage and to mitigate against this risk, the Company's Board of Directors continuously reviews the Company's compliance to Corporate

Governance Rules and Regulations by exercising control mechanisms including but not limited to:

- i. Establishing Board committees which meet regularly, prior to Board meetings, to monitor, evaluate, review and report, or make recommendations, to the Board on various matters including but not limited to Safety, Corporate Planning, Sales, Marketing, Company Compensation Plans, Audit Reviews, etc.
- ii. Ensuring that Key Performance Indicators (KPI's) are directly aligned to key strategic objectives and targets set by the Board.
- iii. Effective governance is a critical aspect of a successful business; it supports management in delivery of the strategy, managing costs, attracting investment, making better decisions and responding effectively to the risks. The Board of Directors assumes responsibility for the risk governance, including strategic guidance and risk oversight of the Company. Petro Rabigh has developed a Corporate Governance Framework, which includes policies and procedures that promote effective governance principles and best practices. Petro Rabigh Corporate Governance Framework sets out roles, responsibilities, and methods of decision-making. To build good management capabilities, enhance performance and achieve Company's objectives; the Company's executive management led to establish the risk infrastructure and management including the designing, implementing, maintaining and improving an effective risk program. Petro Rabigh has also established Management Steering Committees including the Risk Management Steering Committee (RMSC).

The purpose of the RMSC is to assist the BAC in fulfilling its responsibilities related to risk and compliance. The RMSC Charter includes the Committee's related Duties, Responsibilities, Authorities and Risk Management Policy. An exclusive department (Governance & Risk Management Department) is also established with the defined roles and responsibilities to facilitate, coordinate, monitor and improve corporate governance and risk management performance to help and support the RMSC.

Strategic success of any organization begins with effective and efficient Enterprise Risk Management (ERM), as an effective ERM program can help organizations to manage their risks and maximize opportunities. ERM is a broader area, which involves a set of processes and methods used by the organization to manage not just risks associated with accidental losses, but also financial, strategic, technological, operational, and other business risks.

Petro Rabigh apprehended and implemented Enterprise Risk Management (ERM); ERM includes the methods and

processes used by the Company to manage risks and seize opportunities related to the achievement of its objectives.

ERM is established in line with the BAC approved Risk Management Policy and the Risk Appetite Statement, which defined the level of risk that the organization is willing to accept in the pursuit of its objectives. The ERM Framework addresses the enterprise risk from a holistic perspective, considering six (6) risk descriptors (Health & Safety, Environment, Legal & Regulatory Compliance, Project Delivery, Reputation and Financial Impact) and a 5 x 5 Risk Assessment Matrix and Opportunity Assessment Matrix based on 5 risk "Severity" levels (from Insignificant to Catastrophic and from Insignificant to Exceptional) with 5 levels of "likelihood" (from Rare to Almost Certain). The Risk Assessment Matrix, Opportunity Assessment Matrix and Risk Thresholds were approved by the RMSC and BAC as part of "Risk Appetite Statement Guidelines". The BAC formally endorsed nine (09) risks as corporate risks and the status of these corporate risks along with other ERM important activities are periodically reported to BAC.

Comprehensive Risk Registers are established throughout the Company and at different levels i.e. Department, Function and Corporate level. Risk Registers are periodically reviewed and updated, as and when required, to keep the risk-related information up to date. Risk management activities are continuously monitored at different levels and risk reporting is also performed at different levels e.g. Reporting to the RMSC on quarterly basis and to the BAC on bi-annual basis. IAO is also auditing Risk Management activities on a regular basis, as per the audit schedule to ensure the effectiveness of the Risk Management System. Under the supervision of RMSC, Governance & Risk Management Department is building and fostering a risk aware - culture within the Company that emphasizes and demonstrates the benefits of risk management including the risk-based thinking and risk based decision-making practices.

iv. At the Board of Directors' meeting held on September 19, 2023, Board of Directors approved the Governance and Compliance Framework as part of the Company's efforts to enhance governance practices and streamline the compliance processes in line with industry best practices. In addition, and as part of the newly developed frameworks, the Board of Directors' approved additional Corporate level policies as the following:

1. Anti-Bribery Anti-Corruption Policy
2. Anti-Money Laundering Policy
3. Sanctions and Trade Control Policy
4. Third Party Compliance Policy

These policies will enhance the Company's governance and compliance practices and responds to international regulations and jurisdictions applicable to the Company's business.

E. Risks Related to Regulations

The Company is operating in a dynamic environment and its business operation is governed by local as well as international applicable laws and regulations. In case of changes in regulations or legislation(s), the Company operations may be affected. Companies must abide by regulations set by governing bodies that oversee their industry. Therefore, any change in regulations can cause a rippling effect across an industry. Regulations can increase costs of operations, introduce legal and administrative hurdles, and sometimes even restrict a company from doing business. To mitigate such risks, Petro Rabigh has established a Governance & Risk Management (GRM) Department which is an organization that carries the responsibilities and is accountable for following up on the development of local and international mandatory and voluntary regulations pertaining to the petrochemical and refining industry and is in-charge of taking steps necessary to report to management, within a reasonable timeframe, any changes to regulations that are deemed to have direct or implied restrain on the Company's operations, as well as communicating the need to comply to certain regulations and suggesting the appropriate steps to do so. This includes local governmental regulations such as regulations and laws by The Ministry of Energy, Ministry of Industry and Mineral Resources, Ministry of Commerce, the CMA, in addition to international regulations such as trade and anti-dumping laws and environmental regulations, etc. The information regarding current and future changes comes through the Corporate Affairs & Investor Relations Department, that is responsible for assuring such surveillance of the regulatory environment and is used by the Governance & Risk Management (GRM) Department to monitor and promote compliance. Governance & Risk Management (GRM) Department work closely with proponent departments e.g. Safety, Environment and Health, Office of Legal Affairs, etc. The Risk Management Steering Committee (RMSC) also oversees the Compliance Management affairs, and the Governance & Risk Management (GRM) Department periodically reports on compliance management to the RMSC.

F. Risk Related to Effective Control by Founding Shareholders

Since the Company's IPO in 2008, the founding shareholders have maintained ownership of 75% of the Company's issued shares. This allows the founding shareholders majority voting rights and as a result, the founding shareholders may be able to influence matters requiring approval of the General Assembly. It is possible for this influence to be exercised in a manner that could have a significant effect on the Company's business, financial condition and results of operations including

the election of directors, significant corporate transactions and capital adjustments. Furthermore, any change in the founding shareholders' own business strategy and/or policies toward the Company could result in consequences for the Company's business. On the other hand, the founding shareholders are considered major supporters of the Company's business and a guarantee to its continuity.

Saudi Aramco for one is Saudi Arabia's economic backbone and a global catalyst in the oil and gas industry. Likewise, Sumitomo Chemical Co., Ltd. is a highly respected international company that is deeply rooted in a history that extends for more than 300 years. The two companies are vigorously committed to their investment in Petro Rabigh. Evidence of this commitment is the establishment of the second phase of Petro Rabigh where the founding shareholders undertook development of the project, transferred ownership of the project from the founding shareholders to the company and provided financial guarantees to ensure completion of the project. Moreover, as has been previously announced to the public, the founding shareholders have entered into a number of commercial agreements that ultimately benefits Petro Rabigh. Furthermore, there are several ways that the Company ensures protection of minority shareholders, including the following:

- i. Consistent with CMA Corporate Governance Regulations, Petro Rabigh's bylaws require that at least one-third of the members of the Board of Directors be independent, which currently means that no less than three of nine directors are independent. And in order for a resolution of the board to be adopted it must be approved by at least seven of the nine directors with, thus ensuring that no resolution may be adopted solely without the approval of one of the independent directors.
- ii. The Chairman positions of the BAC, NRC and the MSC are

currently occupied by independent Directors.

- iii. The Company's bylaws require that the Board approves the Company's entry into or modification of terms for transactions with any of the Shareholders' or related parties.
- iv. Related-party transactions are voted by non-related members in the BAC and Board of Directors and are disclosed in the Board Report and at General Assembly meetings.

4. SOCIAL RESPONSIBILITY

A. Company's Social Contributions (CSR)

Corporate Social Responsibility (CSR) at Petro Rabigh aims to unite all efforts for the benefit of our community through sustainable social, environmental, and economic practices. Our commitment is to engage with people, contribute to the community, and create a positive impact.

In 2023, we expanded our CSR initiatives to include empowering women to start their own businesses by providing training courses, fostering gender equality, and promoting economic empowerment. We also supported the sustainability of work for fishermen by supplying essential equipment, ensuring the continuity of their livelihoods, and contributing to the local economy.

Recognizing the importance of Training & Education development, we introduced initiatives for University Graduates to attend the Annual Leaders of Tomorrow Conference by SABIC. Additionally, we provided support to over 125 students by fulfilling their school necessities throughout the 2023 academic year. Furthermore, 44 pre-graduation students participated in the COOP program as trainees at our company, and the TAMHEER program in PRC offered training opportunities to 94 University Graduates in cooperation with the Ministry of Human Resource and Social Development.

Petro Rabigh remains dedicated to environmental stewardship. Our Mangrove Initiative aimed to plant 10,000 mangrove saplings in collaboration with HRH MBS' Green Saudi Initiative. The second phase successfully completed the planting of 10,000 saplings along the coast of Khor Al-Kharar in Rabigh Governorate, aligning with our strong commitment to environmental practices.

Our ongoing commitment to CSR was acknowledged with a number 1 ranking on the National CSR portal, recognizing the continued efforts to make a meaningful difference in the community and environment.





B. Environmental, Social, and Governance (ESG)

Sustainable growth is the core of the Saudi Arabia Vision 2030, and Petro Rabigh's Sustainability strategies and practices continue to contribute to the goals of Saudi Vision 2030. The Company has adopted a management system approach in



establishing its ESG – Sustainability Management that sees the integration of Environmental, Social and Governance

components of the business into a coherent system, to further enable the achievement of its vision, mission, and objectives.

Petro Rabigh believes ESG Sustainability is a balance of society, economy, and environment for long-term resilience, ensuring that we have and will continue to have sound resources to protect human health and the environment.

Understanding the significance of our role in shaping the energy landscape and contributing to the prosperity of our nation, the Company has embarked on a journey of sustainable achievements, and in the process, receives the following accolades in terms of industrial excellence:

- Recognized by the Zakat, Tax, and Customs Authority for its role in enhancing clearance speed through a dedicated pre-submission initiative, which aims to create a more efficient and streamlined business environment in the country. This recognition is a testimony to the Company's ongoing efforts to improve business processes and contribute to the success of Saudi Arabia Vision 2030.
- Recognized for Collaboration and Innovation at the GDA International Conference and Exhibition. This recognition by GDA (Gulf Downstream Association) is a testament to the Company's leadership in a sector that faces increasing challenges from energy transition, sustainability, conflicts and price fluctuations, partnerships, and joint investment to ensure continued growth and success.

- Emerged as the Top-ranked Petrochemical Company at the National CSR Portal, showcasing its consistent and significant Corporate Social Responsibility (CSR) initiatives. The Company has achieved a perfect score of 5/5 in the National Corporate Social Responsibility evaluation, solidifying its commitment to responsible business practices.
- Recognized by the Gulf Petrochemicals and Chemicals Association (GPCA) at the 3rd GPCA Responsible Care Excellence Awards. The Company secured Second Position for its Tier 3 Loss of Primary Containment (LOPC) Dashboard. The awards ceremony showcased outstanding achievements in various categories, including Performance Metrics, Process Safety, Sustainable Environmental Protection. This award reflects the Company's commitment to responsible practices and its dedication to excellence in the industry.
- Honored by the Deputy Governor of Makkah Region, for its support of the Makkah Excellence Award. This prestigious accolade recognized the Company's outstanding contributions to the Makkah Excellence Award and its commitment to excellence, innovation, and community engagement, reaffirming the Company's dedication to making a positive impact in the region and upholding corporate responsibility.
- Received the Procurement Excellence Award for 'Best Practices in SAP ARIBA Catalog Management' at the SAP Spend Connect Summit. This accolade underscores the Company's dedication to operational excellence, particularly in e-Procurement, cementing Petro Rabigh's position as a leader in catalog sourcing implementation (e.g., Grainger, McMaster).

To demonstrate its commitment to quality, environment, health & safety, and social responsibility, our company has successfully passed the surveillance audits conducted by TuV Nord for the following management system certifications:

ISO 9001:2015 Quality Management System

ISO 14001:2015 Environmental Management System

ISO 45001:2018 Occupational Health and Safety Management System

RC 14001:2015 Responsible Management System



In addition, the management of Petro Rabigh is proud that its QCD laboratories have received ISO/IEC 17025:2017 accreditation, as granted by the authorized international accreditation body A2LA (American Association for Laboratory Accreditation). This accreditation is a major milestone as this internationally recognized standard can help the Company gain access to new markets as it expands.

As a result of our strict adherence to these management system standards, the Company not only can achieve continual improvement in terms of our overall performance, but also guaranteeing high quality products and services, thus increasing global competitiveness, and addressing future needs and expectations that pose a challenge in an increasingly dynamic and complex environment.

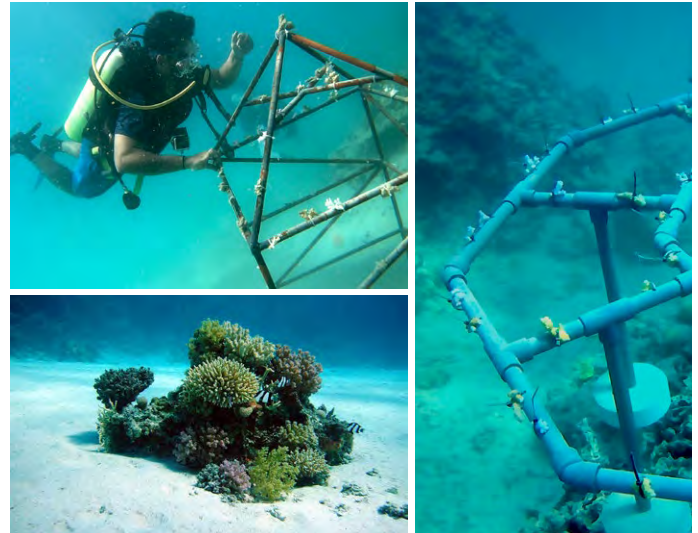
Petro Rabigh's unwavering commitment to Sustainability through Environmental Initiatives, is highlighted by the completion of Phase 1 of the Mangrove Plantation Project, marking the successful planting of 10,000 mangroves.

This initiative underscores the significance of the Company's dedication in championing sustainable practices and environmental stewardship and, as a way forward, aims to gain Carbon Offset through the registration of this initiative at Fair Carbon.



To further reduce greenhouse gas (GHG) emissions, the Company has commissioned the onsite Carbon Capture facility. This facility is expected to capture 110,000 ton of CO₂e per year, and at the end, to completely decarbonize the operations and achieve a net-zero footprint that aligns with the target established for Saudi Arabia at the Green Initiative Forum of 2021. The Company also executed a coral reef restoration project, focusing on the creation of nine (9) coral nurseries and populated these with 355 coral fragments along the coastal water of the community beach, targeting the IUCN red list "threatened and vulnerable" coral species of Acropora.

In terms of ESG information transparency and disclosure, the Company has improved the contents of its external Sustainability and Governance webpage, addressing the



requirements of various ESG Rating Agencies (both local and global in scope). Some of the improvements undertaken were the inclusion of Corporate Governance content in the form of links to all Corporate Governance Policies, Governance & Compliance Frameworks, and a description of each of the four (4) Board Committees.

Publication of the newly approved Corporate Governance Policies at the Company's external website has been completed to ensure the continual improvement of ESG Sustainability performance and implementing the core principles of business sustainability.

As Petro Rabigh continues its journey, the Company remains steadfast in its commitment to sustainable growth and responsible business practices. By embracing innovation, fostering collaboration, and engaging with the community, Petro Rabigh aims to lead the way in creating a sustainable and prosperous future for all.



5. CORPORATE GOVERNANCE

1. Compliance with the CMA's Corporate Governance Regulations

Petro Rabigh implements all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority.

2. Names, qualifications, and experience of the Board and Committees members and Executive Management

Board Members:

Name	Current Position	Previous Position	Qualifications	Experience
Ibrahim Q. Al-Buainain	Chairman (Non-Executive Director)	Chairman (Non-Executive Director)	BS Mechanical Engineering MBA Global Management Master's Degree - Innovation & Global Leadership	34 years
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	Deputy Chairman (Non-Executive Director)	BS Law	41 years
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	President & CEO (Executive Director)	BS Chemical Engineering MBA	34 years
Seiji Takeuchi	Non-Executive Director	Non-Executive Director	BS Chemical Engineering MS Applied Chemistry	37 years
Noriaki Oku¹	Executive Director	-	BS Chemical Engineering MS Chemical Engineering	31 years
Suleman A. Al-Bargan	Non-Executive Director	Non-Executive Director	BS Chemical Engineering MBA	42 years
Abdullah J. Al-Faifi	Independent Director	Independent Director	BS Accounting	39 years
Saleh F. Al-Nazha	Independent Director	Independent Director	BS Chemical Engineering	40 years
Mohammed A. Al-Omair	Independent Director	Independent Director	BS Civil Engineering	41 years

¹Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.



Committees Members:

Name	Current Position	Previous Position	Qualifications	Experience
Ibrahim Q. Al-Buainain	Chairman of Executive Committee	Chairman of Executive Committee	BS Mechanical Engineering MBA Global Management Master's Degree - Innovation & Global Leadership	34 years
Noriaki Takeshita	Member of Audit Committee	Member of Audit Committee	BS Law	41 years
Othman A. Al-Ghamdi	Member of Marketing Steering Committee	Member of Marketing Steering Committee	BS Chemical Engineering MBA	34 years
Noriaki Oku ¹	Member of Marketing Steering Committee	-	BS Chemical Engineering MS Chemical Engineering	31 years
Suleman A. Al-Bargan	Member of: - Audit Committee - Nomination & Remuneration Committee	Member of - Audit Committee - Nomination & Remuneration Committee	BS Chemical Engineering MBA	42 years
Seiji Takeuchi	Member of: - Nomination & Remuneration Committee - Executive Committee	-	BS Chemical Engineering MS Applied Chemistry	37 years
Abdullah J. Al-Faifi	Chairman of Audit Committee Member of Nomination & Remuneration Committee	Chairman of Audit Committee Member of Nomination & Remuneration Committee	BS Accounting	39 years
Saleh F. Al-Nazha	Chairman of Marketing Steering Committee Member of Executive Committee	Chairman of Marketing Steering Committee Member of Executive Committee	BS Chemical Engineering	40 years
Mohammed A. Al-Omair	Chairman of Nomination & Remuneration Committee Member of Audit Committee	Member of Audit Committee	BS Civil Engineering	41 years

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.

Executive Management:

Name	Current Position	Previous Position	Qualifications	Experience
Othman A. Al-Ghamdi	President & Chief Executive Officer	President & Chief Executive Officer	- BS Chemical Engineering - MBA	34 years
Akihiko Hiraoka	Chief Financial Officer, Finance & Accounting	Chief Financial Officer, Finance & Accounting	- BS Law	33 years
Noriaki Oku	Sr. Vice President, Manufacturing	Sr. Vice President, Manufacturing	- BS Chemical Engineering - MS Chemical Engineering	31 years
Adel A. Al-Mejhed ¹	Vice President, Industrial Relations	-	BS Computer Information Systems - Master's Degree in HR Management	25 years
Bander S. Al-Juaid ¹	Vice President (A), Industrial Relations	Vice President (A), Industrial Relations	- BS Computer Science	21 years

Name	Current Position	Previous Position	Qualifications	Experience
Mohammed M. Farsi	Vice President, Engineering & Support	Vice President, Engineering & Support	- BS Chemical Engineering - MS Chemical Engineering	21 years
Yasser D. Al-Ghamdi	Vice President, Market Development	Vice President, Market Development	- BS Chemical Engineering	22 Years
Sami S. Al-Dossary ²	Vice President, Industrial Security	Vice President (A), Industrial Security	- BS Computer Science	37 Years
Assem M. Saleh ²	Vice President (A), Industrial Security	Manager, Safety Department	- BS Fire Protection Engineering	19 years

¹Adel Al-Mejhed was appointed as Vice President, Industrial Relations replacing Bandar Al-Juaid effective April 1, 2023.

²Assem M. Saleh was assigned as acting Vice President, Industrial Security replacing Sami S. Al-Dossary who retired effective November 29, 2023.

3. Name of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager

Name	Current	Inside / Outside the Kingdom	Previous	Inside / Outside the Kingdom
Ibrahim Q. Al-Buainain	Aramco Trading Company **	Inside the Kingdom	Hyundai Oil Bank**	Outside Kingdom
	Aramco Overseas Company B.V**	Outside the Kingdom	S-Oil*	Outside Kingdom
	Aramco Services Company**	Outside the Kingdom	SATORP**	Inside Kingdom
	Saudi Aramco Asia Company Ltd**	Outside the Kingdom	Aramco Trading Singapore **	Outside Kingdom
	Saudi Petroleum Int'l Inc***	Outside the Kingdom	Aramco Trading Fujairah **	Outside Kingdom
	Saudi Aramco Base Oil Company**	Inside the Kingdom	Aramco Trading Limited (London) **	Outside the Kingdom
	Aramco Digital Company***	Inside the Kingdom	Petredac *	Outside the Kingdom
	Regional Voluntary Carbon Market Company*	Inside the Kingdom	Bahri *	Inside the Kingdom
			Bahri Chemicals**	Inside the Kingdom
			Aramco Chemical Company **	Inside the Kingdom
Noriaki Takeshita	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Othman A. Al-Ghamdi	-	-	S-Oil*	Outside Kingdom
	-	-	SAMREF**	Inside Kingdom
Suleman A. Al-Bargan	SATORP **	Inside the Kingdom	-	-
	YASREF **	Inside the Kingdom	-	-
	MOTIVA **	Outside the Kingdom	-	-
	JIGPC***	Inside the Kingdom	-	-
	Royal Commission of Jubail and Yanbu***	Inside the Kingdom	-	-
	Axens***	Outside the Kingdom	-	-
	GDA***	Outside the Kingdom	-	-
Seiji Takeuchi	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Noriaki Oku	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Saleh F. Al-Nazha	Saudi Plastic Factory***	Inside the Kingdom	-	-

Name	Current	Inside / Outside the Kingdom	Previous	Inside / Outside the Kingdom
Mohammed A. Al-Omair	Sofon***	Inside the Kingdom	SAMREF**	Inside Kingdom
	Aldrees Petroleum & Transport Company*	Inside the Kingdom	SATORP**	Inside Kingdom
			SASREF**	Inside Kingdom
			Motor Oil Hellas*	Outside Kingdom
			Avin*	Outside Kingdom
Abdullah J. Al-Faifi			MARAFEQ**	Inside Kingdom
	Integrated Data for Information Technology Co. (FUSION) **	Inside the Kingdom	Al Othaim Investment Co.**	Inside Kingdom
	Abdullah Al Othaim Market Co.*	Inside the Kingdom	Nama Petrochemical Co.*	Inside the Kingdom
	Tanami Arabia Co.**	Inside the Kingdom	-	-
	Saudi Alawal Bank (SAB)*	Inside the Kingdom	-	-

* Listed

** Limited Liability

*** Unlisted

4. Composition of the Board and classification of its members as follows

No.	Name	Membership Classifications
1	Ibrahim Q. Al-Buainain	Non-Executive Director
2	Noriaki Takeshita	Non-Executive Director
3	Othman A. Al-Ghamdi	Executive Director
4	Noriaki Oku ¹	Executive Director
5	Seiji Takeuchi	Non-Executive Director
6	Suleman A. Al-Bargan	Non-Executive Director
7	Abdullah J. Al-Faifi	Independent Director
8	Saleh F. Al-Nazha	Independent Director
9	Mohammed A. Al-Omair	Independent Director

¹Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.

5. Procedure taken by the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance

Petro Rabigh Corporate Affairs & Investor Relations Department, compiles shareholders' suggestions, comments and questions about the company's performance into a quarterly report for the Board of Directors.

6. A brief description of the competencies and duties of the committees

Board Audit Committee:

The BAC consists of Four members who are fully experienced in Accounting, Auditing Standards, Internal Audit Procedures, Analyze and evaluate Financial Statements, relevant laws, and regulations which enables them to fulfill their duties smoothly. The responsibilities and duties of this Committee include, but not limited to, the following:

- Reviewing; Management's high-level summary of the top existing and emerging risks facing the Company, and Management's mitigation plan for the most significant enterprise-wide risks.
- Overseeing and supervising the Internal Audit to ensure that the Internal Audit Office had the appropriate standing and independent to effectively fulfill its responsibilities.
- Ensuring that the General Auditor has the authority to report significant observations to the Committee without interference or censorship and that the issues are appropriately acted by Management.

- d. Reviewing the effectiveness of the Internal Audit Office including its compliance with the applicable standards for the professional practices of internal auditing.
- e. Approving the annual audit plan and all changes to the plan.
- f. Submitting recommendations to the Board regarding the appointment, dismissal, and remuneration of the External Auditors after reviewing their scope of work, terms of engagement and qualifications, with such recommendation having regard to the independence of the External Auditors.
- g. Reviewing the performance and supervising the activities of the External Auditors and approving any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- h. Reviewing the External Auditors' reports, and comments in relation to the Company's financial statements, and following up on the actions taken in relation to the same.
- i. Reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understanding their impact on financial reports.
- j. Reviewing, expressing opinions on, and make recommendations to the Board regarding the interim and annual financial statements of the Company prior to their presentation to the Board to ensure integrity, fairness, and consistency.
- k. Reviewing the overall system of internal controls implemented by Management and consider its effectiveness, including financial reporting controls and information technology security and controls.
- l. Reviewing the contracts and transactions to be entered into by the Company with any related party and making recommendations to the Board in relation to the same.
- m. Ensure that the strategies and comprehensive policies for Risk Management are available and updated based on the Company's internal and external changing factors.
- n. Report annually to the shareholders, describing the Committee's composition, responsibilities and any other information required by rule.
- o. Institute and oversee special investigations as needed.

The Board Audit Committee consists of the following members:

Board Audit Committee Meeting Attendance in 2023						
Name	Title	1 st Mar 13	2 nd May 10	3 rd Aug 07	4 th Nov 08	Number of Attendance
Abdullah J. Al-Faifi	Chairman	√	√	√	√	4
Noriaki Takeshita	Member	√	√	√	√	4
Suleman A. Al-Bargan	Member	√	√	√	√	4
Mohammed A. Al-Omair	Member	√	√	√	√	4

Nomination and Remuneration Committee (NRC):

The NRC consists of four members. The responsibilities and duties of this committee include, but are not limited to, the following:

- a. Preparing, recommending to the Board, and overseeing policies and criteria in relation to the appointment of Directors and members of the Company's executive management.
- b. Ensuring that all necessary and appropriate inquiries are made into the backgrounds and qualifications of Board candidates before recommending them to the Board for nomination.
- c. At least annually, reviewing, assessing, and recommending to the Board the skills, qualifications, and credentials required for membership in the Board and the Company's executive management, including setting the time commitment required for such membership and the job specifications for executive, non-executive, and independent Directors and members of the Company's Executive Management.

- d. Reviewing, regularly, the structure, size, composition, strengths, and weaknesses of the Board (including the skills, knowledge, and experience) and the Company's Executive Management; endorsing appropriate recommendations to the Board that are compatible with the interests of the Company.
- e. Preparing, recommending to the Board, and overseeing the implementation and disclosure of a policy for the remuneration of Directors, Executives of the Company, and members of the Committees of the Board, which shall be presented before the General Assembly for approval.
- f. Determining the points of strengths and weakness in the Board and recommending remedies that are compatible with the Company's interest.
- g. Regularly reviewing and assessing the effectiveness and appropriateness of the remuneration policy and make recommendations to the Board in relation to the same.

The following table shows the names of the NRC members and the number of its meetings and the dates of the meeting and the number of attendances for each meeting:

NRC Meeting Attendance in 2023						
Name	Title	1 st Feb 28	2 nd May 17	3 rd Sep 5	4 th Dec 5	Number of Attendance
Mohammed A. Al-Omair	Chairman	√	√	√	√	4
Takashi Shigemori ¹	Member	√				1
Seiji Takeuchi ¹	Member		Proxy to Mohammed Al-Omair	√	√	3
Suleman A. Al-Bargan	Member	√	√	√	√	4
Abdullah J. Al-Faifi	Member	√	√	√	√	4

¹ Mr. Takashi Shigemori ceased to be a committee member after February 28, 2023. In his place, Mr. Seiji Takeuchi was appointed as a new member. In addition, Mr. Seiji Takeuchi was not present at the 2nd NRC meeting; however, he conveyed his vote to the Committee Chairman via written proxy submitted to the Committee Secretary.

Marketing Steering Committee (MSC):

The MSC consists of three members. The tasks and responsibilities of this committee include, but are not limited to, the following:

- a. Reviewing the Company's annual and quarterly production and supply plan for the Company's Products for the following period, which the Company will provide to the Marketers.
- b. Working with each of the Marketers (separately) in developing their respective Annual Marketing Plan for the Products, which plan will be submitted to the Board for approval.
- c. Reviewing and making recommendations regarding the Company's and the Marketers' strategies and actions related to legal compliance (e.g. with regard to anti-trust laws and export regulations).
- d. Monitoring the Company's compliance with the marketing and lifting agreements, reviewing, and approving any amendment with necessary consideration of any related agreements.
- e. Developing, endorsing, and recommending to the Board of Directors for its approval; (a) a Refined Products Annual Marketing Plan, and (b) a Petrochemical Products Annual Marketing Plan for the Company.
- f. Ensuring that all such Marketing Plans are developed with the Company's operating and production plans to be prepared by the Company.
- g. Ensuring that Marketers' pricing methodologies do not expose the Company to any anti-dumping risks anywhere in the world where the Company's products are being sold.

The following table shows the names of the MSC members and the number of its meetings and the dates of the meeting and the number of attendances for each meeting

MSC Meeting Attendance in 2023						
Name	Title	1 st March 06	2 nd June 01	3 rd Sep 14	4 th Nov 22	Number of Attendance
Saleh F. Al-Nazha	Chairman	√	√	√	√	4
Othman A. Al-Ghamdi	Member	√	√	√	√	4
Takashi Shigemori ¹	Member	√	-	-	-	1
Noriaki Oku ¹	Member	-	√	√	√	3

¹ Mr. Takashi Shigemori ceased to be a committee member after March 31, 2023, and in his place, Mr. Noriaki Oku was appointed as a new member.

Executive Committee (EXCOM):

The EXCOM may adopt resolutions by circulating the proposed resolutions in writing or in electronic format to all the Members for their approval and signature. Promptly following the conclusion of each meeting of the EXCOM, or the adoption of a written resolution, the Secretary shall distribute the meeting minutes and/or the resolutions of the EXCOM to the Board and to each Member.

The EXCOM shall have the authority to undertake the following:

- Review and approve contract award and expenditure requests for items covered in approved business plans, budgets and programs, provided that no individual item shall exceed SAR187.5million.
- Review the business plan and recommend such plan to the Board for approval.
- Review and approve additions to the annual budgets, plans, and programs approved by the Board, as the EXCOM may deem necessary from time to time, provided that no individual addition shall exceed SAR187.5 million in value.
- Review and approve redefinitions, cancellations, and supplements of previously approved expenditure requests, provided that no individual item shall exceed SAR187.5 million.
- Receive informational reports on miscellaneous subjects and advise the Company's Management thereon.
- To the extent permitted under the law, and without prejudice to the responsibilities of the BAC, approve the entry of the Company into transactions with any of the Shareholders or related persons, and modify the terms of any agreement in connection with the same.
- Consider reports submitted to it in accordance with specific functions and subjects delegated by the Board from time to time.
- Perform such other tasks as delegated to it by the BOD from time to time.

The following table shows the names of the EXCOM members and the number of its meetings and the dates of the meeting and the number of attendances for each meeting:

EXCOM Meeting Attendance in 2023						
Name	Title	1 st	2 nd May 09	3 rd	4 th Nov 07	Number of Attendance
Ibrahim Q. Al-Buainain	Chairman	-	√	-	√	2
Saleh F. Al-Nazha	Member	-	√	-	√	2
Seiji Takeuchi	Member	-	√	-	√	2

¹ During 1Q, the meeting was postponed with direction from Chairman. No resolution passed.

² No resolution was adopted during 3Q.

7. The means used by the Board to assess its performance, the performance of its Committees and members and the external body which conducted the assessment and its relation with the Company

The Board of Directors has established a mechanism for an annual 'Board Effectiveness Evaluation'. The mechanism elaborates on specific aspects of Board performance to ensure that the evaluation findings clarify any potential problems; identify the root cause(s) of these findings; and test the practicality of specific governance solutions. The annual Board evaluation exercise provides an assessment of the Board performance by the Board members themselves (including the P&CEO) as the sole sources of information for the evaluation process. This "Board-as-a-Whole" evaluation ensures that the Directors develop a shared understanding of their governance role and responsibilities. The assessment includes ten parameters covering the following premium axis: Membership Accountability; Governance; Board Operations; Legal Responsibility; Financials; Planning; and Board Member Relations. The NRC presides over the evaluation process, hence, the NRC Secretary will be in charge of conducting the analysis and reporting of the results.

8. Remuneration of the Board members and Executive Management

Directors Remuneration

Rules of Remuneration Determination

- a. The remuneration of all Directors shall be recommended by the Board to the General Assembly for approval on an annual basis. The recommendation of the Board to the General Assembly shall be based on the recommendation of the NRC. The recommendations of the NRC and the Board shall be in compliance with applicable laws, regulations, and policies (including this Policy). Moreover, there is no notable deviation from the said policy.
- b. The remuneration of Directors could be in the form of specific cash payments, in kind benefits, attendance allowances, a percentage of the Company's annual net profits, or a combination of any of the foregoing.
- c. Where the remuneration of Directors is distributed as a percentage of the Company's net profits, the maximum total annual remuneration may not exceed 10% of the Company's net profits after deducting the relevant reserves and after distributing profits to the Company's shareholders at a minimum rate of 5% of the Company's paid-up capital.
- d. In all cases, the total annual remuneration and benefits for each Director, in cash or in kind, must not exceed SAR 500,000.
- e. Notwithstanding Paragraphs b and c above, the remuneration of independent Directors shall not be in the form of a percentage of the Company's net profits and shall not be, directly or indirectly, based on the profitability of the Company.
- f. The remuneration of Directors may vary based on the experience, expertise, duties, independence, and attendance record of each Director as well as other relevant considerations.

Additional Remuneration

- A. The Chairman of the Board may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be recommended by the NRC and approved by the Board on an annual basis.
- B. Directors serving in any of the Committees may receive remuneration in addition to their remuneration as Directors.
- C. Directors serving as Senior Executives may receive remuneration in addition to their remuneration as Directors.
- D. If the Secretary of the Board is one of the Board Director, then he may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be determined by the Board (based on the recommendation of the NRC) on an annual basis.



Board: (In SAR Thousands)

Name	Fixed remunerations						Variable remunerations							End-of-service award	Aggregate Amount	Expenses Allowance
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
First: Independent Board Directors																
1- Saleh F. Nazha	350	0	0	0	0	0	350	0	0	0	0	0	0	0	350	0
2- Mohammed A. Al-Omair	350	0	0	0	0	0	350	0	0	0	0	0	0	0	350	0
3- Abdullah J. Al-Faifi	350	0	0	0	0	0	350	0	0	0	0	0	0	0	350	0
Total	1,050	0	0	0	0	0	1,050	0	0	0	0	0	0	0	1,050	0
Second: Non-Exec. Board Directors																
1- Ibrahim Q. Al- Buainain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2- Noriaki Takeshita	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3- Suleman A. Al- Bargan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4- Takashi Shigemori ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5-Seiji Takeuchi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Third: Exec. Directors																
1-Othman A. Al-Ghamdi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2-Noriaki Oku ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.

Senior Executives Remuneration**Rules of Remuneration Determination**

- The remuneration of all Senior Executives shall be recommended by the NRC and approved by the Board in accordance with the relevant employment contracts and internal policies and compensation plans.
- The NRC shall review and approve the employment contracts with Senior Executives, including contracts with new appointments. It shall also review and approve any contract with an employee with compensation equivalent to Senior Executives.

Benefits and Incentive Plans

- Senior Executives are entitled to certain benefits provided by the Company. Besides pension, benefits are primarily in the areas of medical services, access to the Company's recreational facilities, housing-related allowances (or equivalent), and transportation-related allowances (or equivalent). The nature and levels of benefits for Senior Executives shall be periodically reviewed by the NRC and approved by the Board.
- The Company may offer Senior Executives variable compensation that is market-informed and subject to the fulfillment of pre-defined performance goals, whether short-term or long-term. Such variable compensation plans shall be subject to the recommendation of the NRC and the approval of the Board.
- The Company may offer Senior Executives and other employees the opportunity for share ownership through an employee share plan or similar programs. Such plans and programs shall be subject to the recommendation of the NRC and the approval of the Board and shall be in accordance with applicable laws, regulations, and instructions.

Senior Executives: (In SAR Thousands)

The following table sets out the aggregated remuneration paid to the Company's five highest paid Senior Executives, inclusive of the CEO and CFO positions.

	Fixed remunerations				Variable remunerations						End-of-service award	Total remunerations for Board executives, if any	Aggregate Amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
Total	4,515	1,615	0	6,130	0	0	0	0	0	0	0	0	6,130

Committee Members Remuneration

Rules of Remuneration Determination

- The members of the Committees shall be remunerated in accordance with the charter of the relevant Committee.
- Notwithstanding Paragraph above, the NRC shall review and recommend to the Board the remuneration of the members of the Committees.

Committee members: (In SAR Thousands)

Name	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending meetings	Total
Audit Committee Members			
1- Abdullah J. Al-Faifi	0	0	0
2- Noriaki Takeshita	0	0	0
3- Suleman A. Al-Bargan	0	0	0
4- Mohammed A. Al-Omair	0	0	0
Total	0	0	0
Remuneration & Nomination Committee Members			
1- Mohammed A. Al-Omair	0	0	0
2- Seiji Takeuchi	0	0	0
3- Suleman A. Al-Bargan	0	0	0
4- Abdullah J. Al-Faifi	0	0	0
Total	0	0	0

Name	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending meetings	Total
Marketing Committee Members			
1- Saleh F. Al-Nazha	0	0	0
2- Noriaki Oku	0	0	0
3- Othman A. Al-Ghamdi	0	0	0
Total	0	0	0
Executive Committee Members			
1- Ibrahim Q. Al-Buainain	0	0	0
2- Saleh F. Al-Nazha	0	0	0
3- Seiji Takeuchi	0	0	0
Total	0	0	0

9. Punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the CMA or any other supervisory, regulatory or judiciary authority

N/A

10. Results of the annual review of the effectiveness of the internal control procedures and practices of the Company and the opinion of the BAC with respect to the adequacy of the Company's internal control system

The primary role of the Internal Audit Office is to assess and monitor the implementation of Petro Rabigh internal control system and verify the compliance of the Company and its employees with the applicable laws, regulations, instructions and Company policies and procedures.

In accordance with the 2023 annual audit plan approved by the Board Audit Committee, the Internal Audit Office audited the internal control procedures of the Company's major activities. The General Auditor presented the results and recommendations to the Board Audit Committee during the Committee regular meetings. The Executive Management of the Company is committed to implement Internal Audit recommendations within a reasonable time frame established in conjunction with the Internal Audit Office in order to improve the internal control procedures.

It is the opinion of Board Audit Committee that the internal control is sound in design and has been duly implemented and that its financial practices in all material respect are in line with accepted accounting standards followed in the Kingdom of Saudi Arabia. Further, there were no critical or major observations found during the 2023 audits that can impair the effectiveness of the Company's internal control systems.

11. The BAC's recommendation on the need for appointing an internal auditor for the Company

Petro Rabigh has an established Internal Audit Office headed by General Auditor and consists of a team of experienced Internal Auditors.

12. The BAC recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an External Auditor, as well as justifications for those recommendations and reasons for disregarding them

There was no conflict between the BAC recommendations and the Board resolutions.

13. The General Assembly meetings held during the last fiscal year

A General Assembly Meeting was held in Rabigh on June 7, 2023. Ibrahim Q. Al-Buainain, Chairman of the Board of Directors, chaired the General Assembly.

Names of the Board Members who attended:

- | | |
|------------------------------------|--------------------------------------|
| 1. Eng. Ibrahim Qassim Al-Buainain | 4. Eng. Noriaki Oku |
| 2. Eng. Othman Ali Al-Ghamdi | 5. Mr. Abdullah Jaber Al-Faifi |
| 3. Eng. Suleman Amer Al-Bargan | 6. Eng. Saleh Fahad Al-Nazha |
| | 7. Eng. Mohammed Abdullatif Al-Omair |

14. Dividends Distribution Policy

After deducting all general expenses and other costs, including taxes and zakat imposed under Shari'a, the Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve equals thirty percent (30%) of the Company's paid-up capital.
- The Ordinary General Assembly may, upon the recommendation of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve to be allocated for the purpose or purposes decided by the Ordinary General Assembly.
- The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind.
- A percentage of no less than 1% of the remaining amounts of the annual net profits shall be distributed to the shareholders unless the Ordinary General Assembly decides otherwise.

The Company may distribute interim dividends on a quarterly or semi-annual basis in accordance with the rules established by the competent authority.

15. Interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year

N/A

16. Interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company, and any change on these interest or rights during the last fiscal year**Board Members:**

Name	Position	Period Start		Period End		Net Change	Change %
		Stock	Debt Instruments	Stocks	Debt Instruments		
Ibrahim Q. Al-Buainain	Chairman (Non-Executive Director)	-	-	-	-	-	-
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	-	-	-	-	-	-
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	-	-	-	-	-	-
Suleman A. Al-Bargan	Non-Executive Director	-	-	-	-	-	-
Seiji Takeuchi	Non-Executive Director	-	-	-	-	-	-
Noriaki Oku ¹	Executive Director	-	-	-	-	-	-
Abdullah J. Al-Faifi	Independent Director	100	-	100	-	-	-
Saleh F. Al-Nazha	Independent Director	-	-	-	-	-	-
Mohammed A. Al-Omair	Independent Director	12	-	12	-	-	-

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.

Senior Executives:

Name	Position	Year Start		Year End		Net Change	Change %
		Stock	Debt Instruments	Stocks	Debt Instruments		
Akihiko Hiraoka	Chief Financial Officer, Finance & Accounting						
Noriaki Oku	Senior Vice President, Manufacturing	-	-	-	-	-	-
Mohammed M. Farsi	Vice President, Engineering & Support	-	-	-	-	-	-
Yasser D. Al-Ghamdi	Vice President, Market Development	-	-	-	-	-	-
Adel A. Al-Mejhed ¹	Vice President, Industrial Relation	120	-	120	-	-	-
Aseem M. Saleh ²	Vice President, (A) Industrial Security	175		175			

¹ 1Adel Al-Mejhed was appointed as Vice President, Industrial Relations replacing ²Bandar Al-Juaid effective April 1, 2023.

²Assem M. Saleh was assigned as acting Vice President, Industrial Security replacing 4Sami S. Al-Dossary who retired effective November 29, 2023

17. Board meetings held during the last financial year

Name	Title	1 st Meeting March 20, 2023	2 nd Meeting June 07, 2023	3 rd Meeting Sept. 19, 2023	4 th Meeting ¹ Nov. 21, 2023	5 th Meeting Dec. 19, 2023	Total Meetings Attended
Ibrahim Q. Al-Buainain	Chairman (Non-Executive Director)	√	√	√	√	√	5
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	√	√	√	√	√	5
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	√	√	√	√	√	5
Seiji Takeuchi	Non-Executive Director	√	√	√	√	√	5
Noriaki Oku ²	Executive Director	-	√	√	√	√	4
Takashi Shigemori ³	Non-Executive Director	√	-	-	-	√	1
Suleman A. Al-Bargan	Non-Executive Director	√	√	√	Proxy to Othman A. Al-Ghamdi	√	5
Mohammed A. Al-Omair	Independent Director	√	√	√	√	√	5
Abdullah J. Al-Faifi	Independent Director	√	√	√	√	√	5
Saleh F. Al-Nazha	Independent Director	√	√	√	√	√	5

¹ This was a special Board Meeting to provide an update on ECR/ HOFCC Debottlenecking Project and seek the Board of Director's approval of the final investment decision (FID).

² Noriaki Oku was appointed as Director from April 1, 2023.

³ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand,

18. Numbers of Company's requests of shareholders records, dates and reasons thereof

Thirteen records were requested for the shareholders of the Company during the year 2023 as shown in the following table:

No.	Reason	Date
1	Corporate Action	31/01/2023
2	Corporate Action	28/02/2023
3	Corporate Action	31/03/2023
4	Corporate Action	30/04/2023
5	Corporate Action	31/05/2023
6	General Assembly	07/06/2023
7	Corporate Action	14/06/2023
8	Corporate Action	31/07/2023
9	Corporate Action	31/08/2023
10	Corporate Action	30/09/2023
11	Corporate Action	31/10/2023
12	Corporate Action	30/11/2023
13	Corporate Action	31/12/2023

19. Arrangements or agreements under which a director or a Senior Executive of the Company has waived any remuneration

N/A

20. Arrangements or agreements under which a shareholder of the Company has waived any rights to dividends

N/A

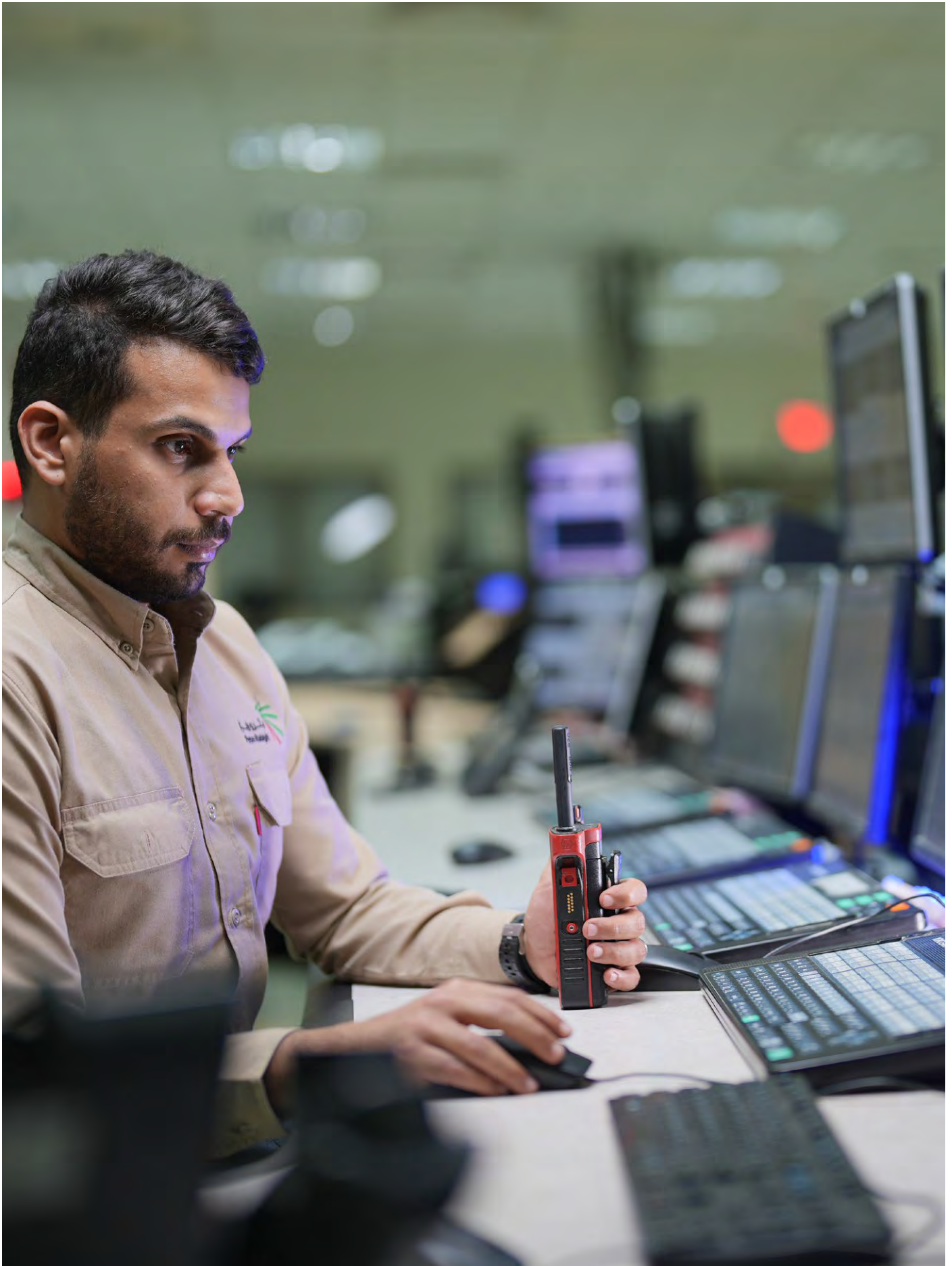
21. Declarations of the Board of Directors

The Board of Directors declares the following:

- Proper books of account have been maintained
- The system of internal control is sound in design and has been effectively implemented
- There are no significant doubts concerning the Company's ability to continue its activities

23. If the Board recommended replacing the External Auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation

N/A



Financial Statements & Independent Auditor's Report

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Independent auditor's report to the Shareholders of Rabigh Refining and Petrochemical Company

Opinion

We have audited the financial statements of Rabigh Refining and Petrochemical Company ("the Company"), which comprise the statement of financial position as at December 31, 2023, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Carrying value of property, plant and equipment

The key audit matter

As at December 31, 2023, the Company's statement of financial position includes property, plant and equipment amounting to Saudi Riyals 41,225 million. Management performs a formal assessment at each reporting period-end to consider whether there is any indication that items of property, plant and equipment may be impaired.

Based on the valuation model prepared to determine the recoverable amount of the relevant Cash Generating Unit ("CGU"), management ensures that the property, plant and equipment are not carried at more than their recoverable amount. The key estimates and assumptions underlying the valuation model included:

- Forecast product prices;
- Usage and economic conditions which may affect the expected remaining useful lives and terminal values;
- Future operating costs; and
- Discount rate.

The recoverable amount computed using the valuation model is in excess of carrying value of the CGU.

We considered this a key audit matter given the complexity inherent in the key estimates and assumptions underlying the valuation model. Refer to note 2.2 and 12 to the financial statements for further information.

How the matter was addressed in our audit

We performed the following procedures to address the key audit matter:

- obtained an understanding of the management's process of identifying the impairment indicators, performing impairment assessment and method to determine the recoverable amount of the property, plant and equipment;
- performed multiple risk assessment procedures including and not limited to inquiries with management and internal audit, inspection of minutes of meetings;
- obtained and evaluated the impairment assessment performed by management and involved our internal valuation specialists to check the mathematical accuracy and the assumptions used by management in the valuation model, compared relevant data to the latest production plans and projections and approved business plans by the Board of Directors, discount rate used for impairment assessment and inputs used to determine terminal values;
- performed sensitivity analysis over key assumptions in the calculation of value in use to assess the potential impact on recoverable amounts of a range of possible outcomes;
- considered the appropriateness of the related accounting policies and disclosures in the financial statements for the year ended December 31, 2023.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 Rabigh Refining and Petrochemical Company ("the Company").

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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,

Nasser Ahmed Al Shutairy

License No. 454

Jeddah,



Statement of profit or loss

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Sales	5,25	44,603,993	55,952,481
Cost of sales	6,25	(45,182,492)	(54,268,748)
Gross (loss) profit		(578,499)	1,683,733
Other income, net	7	92,513	101,164
Selling and marketing expenses	8	(1,093,315)	(962,990)
General and administrative expenses	9	(1,023,652)	(809,679)
Operating (loss) profit		(2,602,953)	12,228
Financial charges	10	(2,217,061)	(1,359,448)
Financial income		27,036	280,293
Loss before Zakat and tax		(4,792,978)	(1,066,927)
Zakat	23	(5,341)	(42,896)
Tax	23	105,586	(5,058)
Loss after Zakat and tax		(4,692,733)	(1,114,881)
Loss per share (Saudi Riyals) - Basic and diluted	11	(2.81)	(0.79)

Statement of comprehensive income

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Loss after Zakat and tax		(4,692,733)	(1,114,881)
Other comprehensive income: Items that will not be reclassified to profit or loss:			
Remeasurement (loss) gain on defined benefit plan	21	(12,345)	154,406
Tax effect	23	926	(11,580)
Other comprehensive (loss) income		(11,419)	142,826
Total comprehensive loss for the year		(4,704,152)	(972,055)

Statement of financial position

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	As at December 31, 2023	As at December 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	12	41,225,263	42,637,598
Right-of-use assets	13	9,309,306	10,010,148
Intangible assets	14	219,735	291,283
Long-term loans	15	268,746	244,540
Investment	15	10,000	10,000
Deferred tax asset	24	230,866	124,354
		51,263,916	53,317,923
Current assets			
Inventories	17	3,972,417	4,028,765
Trade receivables	15	5,190,684	5,377,367
Current portion of long-term loans	15	1,715	4,151
Prepayments and other receivables	18	1,402,006	805,733
Cash and cash equivalents	16	1,372,141	2,044,793
		11,938,963	12,260,809
Total assets		63,202,879	65,578,732
Equity and liabilities			
Equity			
Share capital	19	16,710,000	16,710,000
Statutory reserve	20	252,134	252,134
Employees' share ownership plan	21	(5,305)	(5,339)
Accumulated losses		(6,406,148)	(1,701,934)
Total equity		10,550,681	15,254,861
Non-current liabilities			
Loans, borrowings and other long-term liability	15	19,610,740	12,577,390
Lease liabilities	13	9,471,708	10,095,476
Employees' benefits	21	813,526	719,725
		29,895,974	23,392,591
Current liabilities			
Current portion of loans and borrowings	15	9,082,981	13,435,306
Current portion of lease liabilities	13	630,368	602,365
Trade and other payables	15	11,856,665	12,117,925
Accrued expenses and other liabilities	22	1,186,210	744,273
Zakat and tax payable	24	-	31,411
		22,756,224	26,931,280
Total liabilities		52,652,198	50,323,871
Total equity and liabilities		63,202,879	65,578,732

Statement of changes in equity

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Employees' share ownership plan	Accumulated losses	Total
Balance as at January 1, 2023		16,710,000	252,134	(5,339)	(1,701,934)	15,254,861
Loss after Zakat and tax		-	-	-	(4,692,733)	(4,692,733)
Other comprehensive loss		-	-	-	(11,419)	(11,419)
Total comprehensive loss		-	-	-	(4,704,152)	(4,704,152)
Vesting of shares under employees' share ownership plan		-	-	34	-	34
Zakat and income tax reimbursement		-	-	-	(62)	(62)
Balance as at December 31, 2023		16,710,000	252,134	(5,305)	(6,406,148)	10,550,681
Balance as at January 1, 2022		8,760,000	252,134	(4,510)	(701,713)	8,305,911
Loss after Zakat and tax		-	-	-	(1,114,881)	(1,114,881)
Other comprehensive income		-	-	-	142,826	142,826
Total comprehensive loss		-	-	-	(972,055)	(972,055)
Increase in share capital	19	7,950,000	-	(1,618)	-	7,948,382
Transaction cost on rights issue	19	-	-	-	(47,013)	(47,013)
Vesting of shares under employees' share ownership plan		-	-	789	-	789
Zakat reimbursement		-	-	-	18,847	18,847
Balance as at December 31, 2022		16,710,000	252,134	(5,339)	(1,701,934)	15,254,861



Statement of cash flows

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Cash flows from operating activities			
Loss before Zakat and tax		(4,792,978)	(1,066,927)
Adjustments for non-cash items:			
Depreciation	12,13	3,134,457	2,955,530
Financial charges	10	2,217,061	1,359,448
Financial income		(27,036)	(280,293)
Amortization	14	86,166	83,564
Provision for slow moving inventories	17	13,260	53,511
Impairment loss on receivables	9	96	-
Provision for claim	26	342,716	-
Loss on disposal of property, plant and equipment	7	10,092	1,033
Loss (gain) on derecognition of right-of-use assets and lease liabilities	7	285	(45)
Provision for deferred employee service		-	1,618
		984,119	3,107,439
Changes in:			
Inventories		43,087	(275,826)
Trade receivables		186,587	2,879,754
Prepayments and other receivables		(596,333)	1,067,821
Trade and other payables		(603,975)	(326,345)
Accrued expenses and other liabilities		427,385	(1,137,137)
Employees' benefits		81,490	93,658
		522,360	5,409,364
Zakat and income tax paid	24.1	(36,752)	(53,299)
Interest received		27,036	280,293
Interest paid		(2,126,743)	(1,175,028)
Net cash (used in) from operating activities		(1,614,099)	4,461,330
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(1,036,420)	(798,374)
Disbursement of long-term loans		(72,609)	(132,919)
Recovery of long-term loans		37,082	34,948
Reduction in investment	15	-	6,412
Net cash used in investing activities		(1,071,947)	(889,933)
Cash flows from financing activities			
Proceeds from loans and borrowings		32,500,228	3,989,500
Repayments of loans and borrowings		(29,881,304)	(10,840,536)
Increase in share capital, net		-	1,985,882
Transaction cost on rights issue	19	-	(47,013)
Repayment of lease liabilities		(605,529)	(586,382)
Dividend paid		(1)	(16)
Net cash from (used in) financing activities		2,013,394	(5,498,565)
Net decrease in cash and cash equivalents		(672,652)	(1,927,168)
Cash and cash equivalents at beginning of the year	16	2,044,793	3,971,961
Cash and cash equivalents at end of the year	16	1,372,141	2,044,793

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Supplemental schedule of non-cash information			
Loans and other liability converted into share capital	19	-	5,962,500
Zakat and income tax reimbursable from shareholders		62	18,847
Addition to property, plant and equipment through accrued expenses and other liabilities		90	91
Addition to intangible assets through property, plant and equipment	14	14,618	3,981
Addition to right-of-use assets	13	9,876	51,342

1. General information

Rabigh Refining and Petrochemical Company ("the Company" or "PetroRabigh") is a company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4602002161 issued by the Ministry of Commerce and Investment, Jeddah, on Shaaban 15, 1426H (September 19, 2005) subsequently revised by Ministry of Commerce and Investment, Riyadh on Shawal 22, 1428H (November 3, 2007).

The Company is engaged in the development, construction and operation of an integrated refining and petrochemical complex (the Complex), including the manufacturing and sales of refined and petrochemical products.

The Company's registered address is P.O. Box 101, Rabigh 21911, Kingdom of Saudi Arabia.

2. Basis of preparation

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia as well as other standards and pronouncements issued by SOCPA (collectively referred to as "IFRS as endorsed in KSA").

These financial statements have been prepared on a historical cost basis except for investment, which is measured at fair value through statement of profit or loss and defined benefits obligations which is recognised at the present value of future obligations using the Projected Unit Credit Method. These financial statements are presented in Saudi Arabian Riyals (Saudi Riyals).

The Company has incurred a comprehensive loss of Saudi Riyals 4,704 million for the year ended December 31, 2023 (2022: Saudi Riyals 972 million), and as at that date the accumulated losses reached Saudi Riyals 6,406 million (2022: Saudi Riyals 1,702 million). Furthermore, as at December 31, 2023, the Company's current liabilities exceeded its current assets by Saudi Riyals 10,817 million (2022: Saudi Riyals 14,670 million).

The Directors have performed a going concern assessment to validate the continued application of the going concern basis in the preparation of the financial statements of the Company.

The Directors also evaluated the Company's funding position and liquidity to assess the Company's ability to meet its obligations as they fall due for a period of at least 12 months from the date of signing the Company's financial statements ("Assessment Period").

In evaluating whether the going concern basis of preparation of the Company's financial statements is appropriate, the Directors of the Company reviewed and approved the Company's Business Plan for the years 2024, 2025 and 2026, including cash-flows forecasts for the Assessment Period, reviewed potential sponsors support through payment term adjustments and crude diet changes, reviewed the economics and cashflow projections of two mega projects, Debottlenecking Project (DBN) and Diesel Hydrotreater Project (DHT), and assessed its impact on the Company's profitability and cashflows, which is expected to favorably impact the Company's profitability in the medium and long term. The Directors of the Company have also evaluated several initiatives which were started under the Transformation Program, whereby the Company has implemented 185 initiatives since 2021 with the objective of reducing the Company's operational cost and increase revenue. The Directors have also reviewed 40 new initiatives intended to further reduce the operating losses during the year 2024.

After rigorously evaluating relevant available information, the Directors have concluded that there are no events or conditions that cast significant doubt upon the Company's ability to continue as a going concern during the Assessment Period and the Company is expected to have adequate resources to continue its operations and is expected to be able to discharge its liabilities as and when they fall due. Accordingly, these financial statements are prepared on the basis of going concern assumption.

2.1 New standards, interpretations and amendments

Standards, interpretations and amendments adopted

The Company has applied the following amendments for the first time for the annual reporting period commencing January 1, 2023:

Standard / Interpretation	Description
IFRS 17	Insurance contracts
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)
IAS 8	Definition of Accounting Estimate – Amendment
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12	International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2024
IAS 1	Non-current liabilities with covenants (amendments to IAS 1)	January 1, 2024
IAS 7 and IFR 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024
IFRS S1 and IFRS S2	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (Subject to endorsement of the standards by SOCPA.)	January 1, 2024
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

2.2 Critical accounting estimates and judgments

The preparation of Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these 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 within the next financial period, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Also see Note 26.

Business model for managing financial assets

In making an assessment whether its business model for managing financial assets is to hold assets in order to collect contractual cash flows, the Company considers the following:

- Management's stated policies and objectives for the asset and the operation of those policies in practice;
- how management evaluates the performance of the asset;
- whether management's strategy focuses on earning contractual income;
- the degree of frequency of any expected asset sales;
- the reason for any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Generally, a business model is a matter of fact which can be evidenced by the way the business is managed and the information provided to management.

Contractual cash flows of financial assets

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and interest income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment, the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Defined benefit plan

The cost of post-employment defined benefits are the present value of the related obligation, as determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. With respect to determining the appropriate discount rate, yield and duration of high quality bonds obligation, as designated by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

Useful lives of property, plant and equipment

The Company exercises judgement in determining the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. The Company reviews the residual value and useful lives annually and future depreciation charges are adjusted where the Company believes the useful lives differ from previous estimates.

Extension options for leases

In case of lease contracts where extension options are also available to the Company, judgement is applied in evaluating whether it is reasonably certain to exercise the option. The Company reassesses whether it is reasonably certain to exercise the extension options, upon the occurrence of either a significant event or significant change in circumstances that are within the control of the Company.

Impairment of non-financial assets

The Company assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

Provision for inventory obsolescence

The Company makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories

are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of the year.

3. Material accounting policies

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

(a) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent.

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.

The Company classifies all other liabilities as non-current.

(b) Fair value measurement

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 at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's

ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

(c) Revenue recognition

Contracts with customers

The Company recognizes revenue from contracts with customers when or as it satisfies a performance obligation by transferring control of promised goods or service to a customer. When, or as, a performance obligation is satisfied, the Company recognizes as revenue, the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled after deducting value added taxes, excise duties and similar levies. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

The transfer of control for refined and petrochemical products usually coincides with title passing to the marketers / off-takers and the marketers/off-takers taking physical possession, while the Company has no effective control or continuing managerial involvement to the degree usually associated with ownership over these products.

Revenue in respect of sales of refined and petrochemical products is recognised over the period as per the related

offtake and other agreements with the customers. Transfer of refined and petrochemical products to customers is considered as series of distinct goods and the Company uses output method to measure the progress towards complete satisfaction or performance obligation. The Company has further used IFRS 15 practical expedient of right to invoice, and revenue is booked on monthly basis in respect of goods and services for which the Company has a right to invoice as per the related agreements.

The portion of sales made through marketers / off-takers are recorded at the relevant provisional prices agreed with such marketers / off-takers at the time of delivery of products, which are subsequently adjusted as appropriate based on the actual selling prices, after deducting the costs of shipping and distribution. All revenue from these sales, both that recognized at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from contracts with customers.

The Company estimates the variable consideration as the most likely amount based on available market information and recently published prices of refined and petrochemical products. The Company includes in the transaction price, some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the relevant variable consideration is subsequently resolved.

Dividends

Dividends are recognised when:

- The Company's right to receive the payment is established, which is generally when shareholders approve the dividend;
- It is probable that the economic benefits associated with the dividend will flow to the entity; and
- The amount of the dividend can be measured reliably.

Interest income

Interest income is calculated using the effective interest (profit) rate method. The effective interest rate is the interest rate that exactly discounts the estimated stream of future cash payment or receipts over the expected life of the financial instrument or when appropriate over the shorter period.

(d) Foreign currencies

The Company's financial statements are presented in Saudi Riyals which is also the functional currency of the Company. Transactions in foreign currencies are initially translated by the Company into Saudi Riyals using the exchange rate at the date of the transaction it first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency using the exchange rate ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized

in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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 assets measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognized in statement of comprehensive income or statement of profit or loss are also recognized in statement of comprehensive income or statement profit or loss, respectively).

(e) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any, except for capital projects-in-progress, which are stated at cost less impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of each asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized in the statement of profit of loss when incurred. Spare parts that are considered essential to ensure continuous plant operation whose useful lives are more than one year are capitalized and classified as plant, machinery and operating equipment.

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

Expenditures incurred on testing and inspections, which are carried normally every 5 years, are capitalized as part of the respective items of property, plant and equipment and amortized over the period of five years. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their estimated useful lives which are as follows:

	Number of years
Buildings and infrastructure	12-50
Plant, machinery and operating equipment	2-40
Vehicle and related equipment	6-25
Furniture and IT equipment	5-14

An item of property, plant 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 statement of profit or loss when the asset is derecognized.

(f) Leases

At inception of a contract, the Company assesses whether the 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.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, less any accumulated depreciation and impairment losses, if any and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentive received. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment, except for leasehold land for which the estimated useful life is considered to be the lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). Lease liability 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is adjusted against the carrying value of the right-of-use asset or charged to profit or loss if carrying value of the related asset is zero.

Short-term leases and leases of low-value assets

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

(g) Intangible assets

Intangible assets, having no physical existence however separately identifiable and providing future economic benefits, are initially recognized at purchase price and directly

attributable costs. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

Software and licenses

Software and licenses procured for various business use and having finite useful lives are presented as intangible assets. Software and licenses are amortized on a straight-line basis over their estimated useful lives of 5 years and 12-22 years, respectively.

Amortization methods and useful lives are reviewed at each financial year end and adjusted if appropriate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(h) Borrowing costs

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

(i) Financial instruments

The Company applied the following classification and measurement requirements for financial instruments.

Recognition and derecognition of financial instruments

A financial asset or financial liability is recognised when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract is cancelled or expires.

Classification of financial instruments

The Company classified its financial assets into the following measurement categories:

- (i) Those to be measured subsequently at amortised cost; or
- (ii) Fair value through profit or loss.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets cash flows.

The Company classifies its financial liabilities as those measured at amortized cost. The classification of financial assets is defined in Note 15.

Measurement

Financial instruments at fair value through profit or loss are recognised initially at fair value with transaction costs recognised in the statement of profit or loss as incurred. All other financial instruments are recognised initially at fair value plus directly attributable transaction costs. The Company initially measures trade receivables at the transaction price as trade receivables do not contain a significant financing component.

Financial instruments measured at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms represent contractual cash flows that are solely payments of principal and interest.

Financial instruments measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss comprise items specifically designated as fair value through profit or loss on initial recognition and financial assets held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms represent contractual cash flows that are not solely payments of principal and interest. Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Upon initial recognition, financial instruments may be designated as fair value through profit or loss. Restrictions are placed on the use of the designated fair value option and the classification can only be used:

- In respect of an entire contract if a host contract contains one or more embedded derivatives;
- If designating the financial instruments eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.
- If financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

On initial recognition, for a financial asset the fair value option is only applied if it eliminates an accounting mismatch that would otherwise arise from measuring items on a different basis. The above fair value option criteria remains unchanged for a financial liability.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(j) Impairment

Financial assets

At each reporting date, the Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets accounted for at amortized cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

(i) Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

(iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower, default or delinquency by a borrower, restructuring of a loan or advance by the entity on terms that the entity would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant

increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Company considers evidence of impairment at both a specific asset and collective level. All individually significant financial instruments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Impairment losses for a financial instrument are recognised in the statement of profit or loss and reflected in impairment for credit losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss.

When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Subsequent recoveries of amounts previously written off reduce the amount of the expense in the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision. The amount of the reversal is recognised in the statement of profit or loss.

The Company has adopted the simplified approach as allowed by IFRS 9 and measures the loss allowance at an amount equal to lifetime expected credit losses for all trade receivables.

Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When 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.

External valuers are involved for valuation of significant assets. The involvement of external valuers is decided by the Company after discussion with the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with

the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

The Company bases its impairment calculation on detailed budgets and forecast calculations.

Impairment losses are recognized in the statement of profit or loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or

have decreased. If such indication exists, the Company 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. Such reversal is recognized in the statement of profit or loss.

(k) Trade receivables

Trade receivables are amounts due from customers for sale of goods in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently carried at amortized cost using effective interest rate method, less provision for impairment, if any. Subsequent recoveries of amounts previously written-off are credited to profit or loss against general and administrative expenses.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average basis

and includes all cost incurred in the normal course of business in bringing each product to its present condition and location. In the case of work in progress and finished goods, cost include the purchase cost, the cost of refining and processing including an appropriate proportion of depreciation and production overheads based on normal operating capacity.

The net realisable value of inventories is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date.

(n) Zakat and tax

Zakat and income tax are provided for in accordance with the Saudi Arabian fiscal regulations. Zakat and income taxes are charged to the statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Zakat and income tax paid by the Company are reimbursed by the respective founding shareholders except for general public shareholders and are accordingly adjusted in their respective equity accounts.

Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax relating to items recognised outside statement of profit or loss is recognised either in statement of comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that

future taxable profits will allow the deferred tax asset to be recovered.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

(o) Employees' benefits

End of service benefits

The Company operates an unfunded post-employment defined benefit plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in statement of comprehensive income. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

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

- the date of the plan amendment or curtailment; and
- the date on which the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the following changes in the net defined benefit obligation under cost of sales and general and administrative 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; and
- Net interest expense or income.

The defined benefit liability comprises the present value of the defined benefit obligation, less past service costs.

Employees' savings program

The Company operates a thrift savings program (the "program") on behalf of its employees and the Company matches the employee contribution with an equal, or lesser, contribution towards the program that is commensurate with the employee's participation seniority in the program. Participation in the program by the regular employees who have completed their probationary period is optional and employees may choose the option to invest or not to invest in the program. The contributions from the Company are recognized as employees' expenses and are charged to the statement of profit or loss. The Company has arranged with the local bank, being the custodian bank, to manage the program on behalf of the Company in accordance with Islamic Shari'ah Law.

Employees' Share Ownership Plan (ESOP)

The employees' service cost of share options granted to employees under the Employees' Share Ownership Plan (ESOP) is measured by reference to the fair value of the

Company's shares on the date on which the options are granted. This cost is recognized as an employee expense, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will ultimately vest. The charge in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Shares purchased are kept with a bank acting as trustee for the ESOP and are carried at cost as a deduction from equity until the options vest and the underlying shares are transferred to the employees. On the vesting date of an individual option, the difference between the employee service cost and the purchase cost of the shares is taken directly to retained earnings (accumulated losses) as an equity adjustment.

(p) Segment reporting

Operating segment

An operating segment is group of assets and operations:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

(q) Provisions

Provisions are recognized when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

(r) Investment property

Investment properties are lands and buildings held for purposes rental income or capital appreciation or both. Investment properties are measured in accordance with the cost model and depreciation is calculated on straight line basis over their useful lives. Investment properties are derecognized when they are sold or when they are occupied by the Company or if they are not held to increase their value.

4. Agreements with founding shareholders

The founding shareholders of the Company are Saudi Arabian Oil Company ("Saudi Aramco") and Sumitomo Chemical Company Limited ("Sumitomo Chemical"), each having 37.5% equity interest in the share capital of the Company. The Company has entered into various agreements with founding shareholders and their affiliates including among others some of the key agreements which are relevant to the financial reporting are summarised below:

4.1 Crude oil feedstock supply agreement

On January 28, 2006, the Company entered into a Crude Oil Feedstock Supply Agreement (COSA) with Saudi Aramco for the supply to the Company of its crude oil feedstock requirements in respect of the Complex, up to a maximum supply of 400,000 barrels per day (bpd). The price at which Saudi Aramco sells the crude oil feedstock to the Company is based, amongst other variable market factors, on international crude oil prices. The COSA is valid for 30 years commencing from October 1, 2008.

4.2 Ethane feedstock supply agreements

The Company entered into Ethane Feedstock Supply Agreements on January 28, 2006 and March 16, 2015 with Saudi Aramco for the supply to the Company of its ethane feedstock requirements in respect of the Complex, up to a maximum aggregate supply of 125 million standard cubic feet per day (MMSCFD). The price at which Saudi Aramco sells the ethane feedstock to the Company is the price commonly applied by Saudi Aramco to industrial customers in the Kingdom. The Ethane Feedstock Supply Agreements are valid for 20 years commencing from the respective effective dates stated in the Agreements.

4.3 Butane feedstock supply agreement

On January 28, 2006, the Company entered into a Butane Feedstock Supply Agreement with Saudi Aramco for the supply to the Company of its butane feedstock requirements in respect of the Complex, up to a maximum supply of 12,000 bpd. The price at which Saudi Aramco sells the butane feedstock to the Company is the price commonly applied by Saudi Aramco to its industrial customers in the Kingdom. The Butane Feedstock Supply Agreement is valid for 20 years commencing from December 1, 2008.

4.4 Petroleum product sales agreement

On July 3, 2006, the Company entered into a Petroleum Product Sales Agreement with Saudi Aramco for the supply of fuel oil up to a maximum of 32 MBD monthly which the Company would, in turn, supply to Rabigh Arabian Water and Electricity Company (RAWEC) for use as fuel for the provision

of certain utilities to the Company. The price at which Saudi Aramco sells the fuel oil to the Company is the government established price prevailing on the date of product delivery to the Company. The agreement is valid for 25 years commencing from June 1, 2008.

4.5 Fuel oil supply agreement

On March 16, 2015, the Company entered into a Fuel Oil Supply Agreement with Saudi Aramco for the supply of fuel oil up to a maximum of 20 MBD monthly which the Company would, in turn, supply to RAWEC for use as fuel for the provision of certain utilities to the Company. The price at which Saudi Aramco sells the fuel oil to the Company is the government established price prevailing on the date of product delivery to the Company. The agreement is valid for 25 years commencing from February 15, 2018.

4.6 Allocated Sales gas supply agreement

On July 1, 2020, the Company entered into an Allocated Sales Gas Supply Agreement with Saudi Aramco for the supply of Sales Gas up to a maximum of 50 MMSCF per day. The price at which Saudi Aramco sells the Sales Gas to the Company is the prevailing domestic market price in the Kingdom of Saudi Arabia, as established by the relevant Governmental entity from time to time. The Allocated Sales Gas Supply Agreement is valid for 20 years commencing from July 1, 2020.

4.7 Phase I Refined products offtake agreement

On June 13, 2019, the Company entered into a Phase I Refined Products Offtake Agreement (RPOA) with Saudi Aramco as a "Buyer" of certain refined products listed therein produced by the Complex. The RPOA is valid for 5 years commencing from May 1, 2019, and is further extendable for another 5 year period.

4.8 Sulphur and Refined Products lifting and marketing agreement

On June 13, 2019, the Company entered into a Sulphur and Refined Products Lifting and Marketing Agreement (SRPLMA) with Saudi Aramco as a global "marketer" of certain refined products listed therein produced by the Complex.

The SRPLMA is valid for 5 years commencing from May 1, 2019, and is further extendable for an additional 5 year period.

4.9 Liquefied Petroleum Gas and Light Naphtha lifting and marketing agreements

On March 16, 2015, the Company entered into Liquefied Petroleum Gas and Light Naphtha Lifting & Marketing Agreements with the founding shareholders as global "Marketers" of liquefied petroleum gas and light naphtha from the Complex. The agreements are valid for 10 years commencing from November 30, 2018 and are further

extendable for an additional 5 year period.

However, on November 22, 2021, the Company entered into a Phase 2 Light Naphtha Offtake Agreement (Note 4.10) with Saudi Aramco pursuant to which, effective from September 1, 2021, Saudi Aramco will purchase and offtake Light Naphtha from the Company in accordance with the terms and conditions mentioned in the Phase 2 Light Naphtha Offtake Agreement and whereas Liquefied Petroleum Gas shall continue to be lifted and marketed in accordance with the Liquefied Petroleum Gas and Light Naphtha Lifting & Marketing Agreements.

4.10 Phase 2 Light Naphtha Offtake Agreement

On November 22, 2021, the Company entered into a Phase 2 Light Naphtha Offtake Agreement with Saudi Aramco as "Buyer" of Light Naphtha produced by the Complex. This Agreement is effective from September 1, 2021 and is valid upto November 30, 2028, and is further extendable for another 5 year period.

4.11 Phase I Petrochemical products marketing agreements

On March 11, 2006 as amended on April 1, 2014, the Company entered into the Petrochemical Products Marketing Agreements (PPMA) with Saudi Aramco and Sumitomo Chemical Asia PTE Limited as global "Marketers" of Phase I petrochemical products produced by the Complex.

The PPMA's are valid for 10 years commencing from April 1, 2014, and are further extendable for another two consecutive 5 year periods. Pursuant to Assignment and Assumption Agreements dated March 28, 2017, Saudi Aramco assigned its rights and obligations under its respective PPMA's to its affiliate, Saudi Aramco Products Trading Company (ATC).

Further, pursuant to Assignment and Assumption Agreements dated February 11, 2020, ATC assigned its rights and obligations under: (i) the Propylene Oxide PPMA, to Aramco Trading Singapore PTE. Ltd (ATS) and (ii) remaining respective PPMA's, to Aramco Chemicals Company (ACC). During the year ended December 31, 2021, both ATS and ACC transferred their rights and obligations under their respective PPMA's to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021.

4.12 Phase II Petrochemical products marketing agreements

On March 16, 2015, the Company entered into Petrochemical Products Marketing Agreements with Saudi Aramco and Sumitomo Chemical Asia PTE Limited as global "Marketers" of Phase II petrochemical products produced by the Complex. The agreements are valid for 10 years commencing from the accumulated production date and are further extendable for another 5 years. Pursuant to Assignment and Assumption

Agreements dated February 11, 2020, Saudi Aramco assigned its rights and obligations under its PPMA's to its affiliates; Aramco Chemicals Company (ACC) and Aramco Trading Singapore PTE Ltd. (ATS). During the year ended December 31, 2021,

ACC transferred its rights and obligations under its PPMA's to Saudi Basic Industries Corporation (SABIC), Aramco Trading Company (ATC) and Arlanxeo Netherlands B.V and ATS transferred its rights and obligations under its respective PPMA's to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021.

4.13 Domestic distribution agreement

On October 3, 2018, the Company entered into a Domestic Distribution Agreement (DDA) with ATC as local "Distributor". Pursuant to the terms of the DDA, the Company supplies certain petrochemical products to ATC for onward sale and distribution within the Kingdom. Pursuant to an Assignment and Assumption Agreement dated February 11, 2020 ATC transferred its rights and obligations under the DDA to ACC. During the year ended December 31, 2021, ACC transferred its rights and obligations under the DDA to SABIC pursuant to a Transfer Agreement effective from October 5, 2021.

The supply and distribution obligations of each party with respect to a given product will terminate upon the expiration or termination of the global product lifting and marketing agreement corresponding to the same product.

4.14 Technology license agreements

The Company has entered into certain technology licence agreements with Sumitomo Chemical as "Licensor". Pursuant to these agreements, the Company licenses the relevant technologies to be used in the process units for particular products. The agreements will remain valid for a period of 15 years commencing on the license grant effective date (as so notified to the Company by Sumitomo Chemical).

4.15 Credit facility agreement

The Company entered into a Credit Facility Agreement (CFA) with its founding shareholders effective March 18, 2006. Pursuant to the terms of the CFA, the founding shareholders have made a loan facility of up to a maximum aggregate amount of Saudi Riyals 6,206 million available to the Company, for the purposes of developing, designing and constructing the Complex.

4.16 Revolving corporate facilities agreements

The Company has entered into revolving corporate facilities agreements with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical on September 30, 2020. Pursuant to the terms of these facilities agreements, each lender has made a corporate facility of Saudi

Riyals 2,812.5 million (collectively Saudi Riyals 5,625 million) available to the Company.

4.17 Corporate facility agreement

The Company has entered into a corporate facility agreement with Saudi Aramco on September 30, 2020. Pursuant to the terms of this agreement, Saudi Aramco has made available a facility of Saudi Riyals 1,875 million to the Company.

4.18 Land lease agreement

On November 1, 2005 as amended and restated on March 16, 2015, the Company entered into a Land Lease Agreement with Saudi Aramco. Pursuant to the terms of the Land Lease Agreement, Saudi Aramco leases approximately 20 million square meters of land to the Company at a rate of Saudi Riyal 1 per square meter per annum, for a period of 99 years, subject to extension for additional consecutive periods as may be agreed between the parties.

4.19 Rabigh Plustech Park Land Lease Agreement

On November 21, 2021, the Company entered into Rabigh Plustech Park Land Lease Agreement with Saudi Aramco. Pursuant to the Agreement, Saudi Aramco leases approximately 2.4 million square meters of land at Plustech Park Site to the Company at a rate of Saudi Riyal 1 per square meter per annum, for a period of 35 years effective from October 1, 2021 and subject to extension for additional consecutive periods as may be agreed between the parties.

4.20 Terminal lease agreement

On March 2, 2006, the Company entered into a Terminal Lease Agreement with Saudi Aramco in respect of the existing Rabigh Marine Terminal. Pursuant to the terms of this agreement, Saudi Aramco grants to the Company an exclusive right to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site for a period of 30 years.

4.21 Rabigh community agreement

The Company has entered into a Rabigh community agreement with Saudi Aramco, effective October 1, 2014 for a term of 25 years, in respect of leases of land and infrastructure facilities at an annual rate of Saudi Riyals 16.5 million and Saudi Riyals 18.2 million, respectively.

4.22 Secondment agreements

On June 12, 2006 and July 1, 2006, the Company entered into Secondment Agreements with Saudi Aramco and Sumitomo Chemical respectively pursuant to which, the founding shareholders may, from time to time, second certain personnel to the Company to assist in the conduct of its business and operations.

Each agreement will remain valid until such time as the relevant founding shareholder ceases to be a shareholder of the Company.

4.23 Services agreements

The Company has entered into certain services agreements with the founding shareholders and their affiliates in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These agreements also cover the ongoing technical support needed for continuous operations, being provided by Saudi Aramco, the ongoing enhancements (such as refining and petrochemical process know-how) being provided by Sumitomo Chemical and the marketing technical services, engineering and safety best practices and training being provided by both founding shareholders. The Company pays for these services at the mutually agreed prices specified in each agreement.

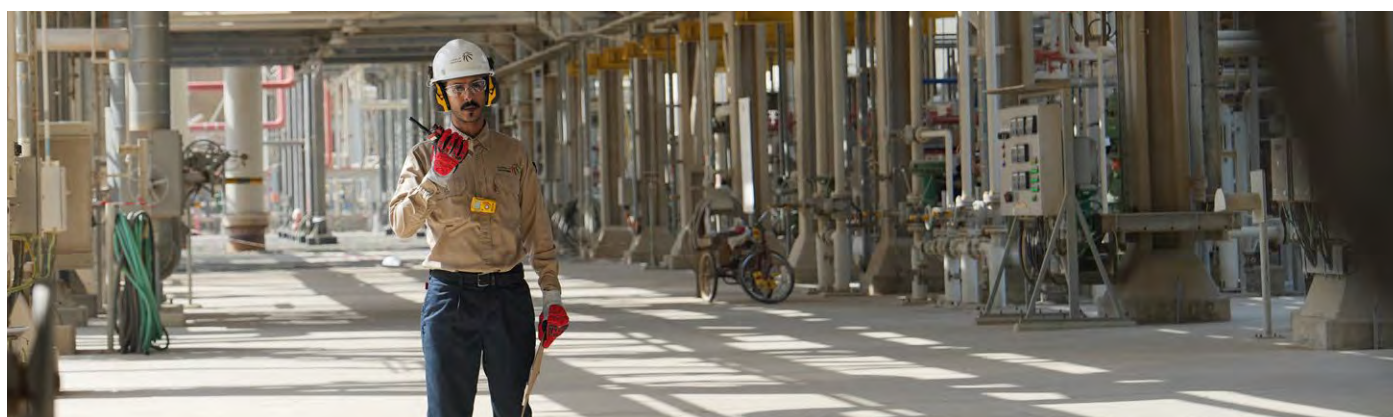
5 Segment information

5.1 Operating segment

The Company operates an integrated refinery and petrochemical complex. The primary format for segment reporting is based on operating segments and is determined on the basis of management's internal reporting structure. The Management Committee (collectively considered to be the Chief Operating Decision Maker) monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The Company's segment profit measure is operating profit (loss).

The Company's operating segments comprise of refined products and petrochemicals. Information as of and for the year ended December 31, is summarized below:

2023	Refined products	Petrochemicals	Unallocated	Total
Sales – external customers	32,253,586	12,350,407	-	44,603,993
Depreciation and amortization	611,918	2,608,705	-	3,220,623
Operating loss	(1,806,517)	(796,436)	-	(2,602,953)
Total assets	19,241,954	42,357,918	1,603,007	63,202,879
Total liabilities	16,892,843	32,496,855	3,262,500	52,652,198
Capital expenditure	271,404	779,724	-	1,051,128
2022	Refined products	Petrochemicals	Unallocated	Total
Sales – external customers	40,576,066	15,376,415	-	55,952,481
Depreciation and amortization	556,585	2,482,509	-	3,039,094
Operating profit (loss)	1,466,407	(1,454,179)	-	12,228
Total assets	20,120,408	43,270,330	2,187,994	65,578,732
Total liabilities	16,212,813	33,432,648	678,410	50,323,871
Capital expenditure	124,248	678,198	-	802,446



The Company's revenue from external customers amounts to Saudi Riyals 44,121 million (December 31, 2022: Saudi Riyals 55,351 million) generated from 5 customers in the year ended December 31, 2023 (December 31, 2022: 5 customers).

Geographical information for the year ended December 31, is as follows:

2023	Middle East	Asia Pacific	Others	Total
Sales				
Refined products	27,583,853	4,669,733	-	32,253,586
Petrochemicals	3,285,797	8,862,694	201,916	12,350,407
Total	30,869,650	13,532,427	201,916	44,603,993
2022	Middle East	Asia Pacific	Others	Total
Sales				
Refined products	35,489,542	5,071,353	15,171	40,576,066
Petrochemicals	3,994,407	10,955,714	426,294	15,376,415
Total	39,483,949	16,027,067	441,465	55,952,481

Middle East market primarily includes Kingdom of Saudi Arabia whereas Asia Pacific primarily includes Singapore and China.

5.2 Adjustments

Financial charges, financial income, Zakat and tax, cash and cash equivalents, loans and borrowings and certain assets and liabilities are not allocated to operating segments as they are managed on a Company-wide basis. Capital expenditure consists of additions to property, plant and equipment and intangible assets.

5.3 Reconciliation of profit (loss)	Notes	2023	2022
Operating (loss) profit		(2,602,953)	12,228
Financial charges	10	(2,217,061)	(1,359,448)
Financial income		27,036	280,293
Loss before Zakat and tax		(4,792,978)	(1,066,927)
Zakat	23	(5,341)	(42,896)
Tax	23	105,586	(5,058)
Loss after Zakat and tax		(4,692,733)	(1,114,881)
6. Cost of sale	Notes	2023	2022
Raw materials, crude oil and spare parts consumed		40,283,535	49,926,517
Depreciation	12,13	2,954,931	2,790,501
Utilities consumed		458,840	341,729
Personnel costs		885,940	842,547
Repair and maintenance		316,663	329,022
Contracted services		84,539	111,140
Amortization	14	45,027	45,104
Insurance		77,240	80,136
Provision for slow moving spare parts and consumables	17	13,260	53,511
Other overheads		19,429	24,367
		45,139,404	54,544,574
Changes in inventories of finished goods, raw materials and spare parts and consumables used		43,088	(275,826)
		45,182,492	54,268,748

Utilities consumed includes a charge of Saudi Riyals 183 million paid to Saudi Electricity Company (SEC) pursuant to a claim raised against the Company. During the year ended December 31, 2023, the Administrative Court of Appeal ruled the decision of the case in favour of SEC, as a result of which the Company paid Saudi Riyals 365.7 million inclusive of value added tax (VAT) to the Enforcement Court (also see Note 9 and Note 26).

7. Other income, net	Notes	2023	2022
Port services		19,436	43,829
Gain on sale of scrap sales		69,348	45,276
Miscellaneous income		14,106	16,406
Loss on disposal of property, plant and equipment		(10,092)	(1,033)
(Loss) gain on derecognition of right-of-use assets and lease liabilities		(285)	45
Other expenses		-	(3,359)
		92,513	101,164

8. Selling and marketing expenses		2023	2022
Freight charges		78,876	107,350
Deductibles (see below)		1,011,506	851,261
Others		2,933	4,379
		1,093,315	962,990

Deductibles mainly comprise of handling charges, insurance, customs and storage charges for inventories.

9. General and administrative expenses	Notes	2023	2022
Personnel costs		398,001	385,047
Depreciation	12,13	179,526	165,029
Repairs and maintenance		101,013	87,194
Impairment loss on receivables		96	-
IT, networking and data communication		76,090	65,189
Amortization	14	41,139	38,460
Travelling		5,165	11,842
Rent		1,863	688
Professional fees		20,171	20,814
Insurance		1,669	3,813
Stationery, telex and telephone		6,865	7,128
Others		192,054	24,475
		1,023,652	809,679

Others includes a charge of Saudi Riyals 160 million paid to Saudi Electricity Company (SEC) pursuant to a claim raised against the Company. During the year ended December 31, 2023, the Administrative Court of Appeal ruled the decision of the case in favour of SEC, as a result of which the Company paid Saudi Riyals 365.7 million inclusive of VAT to the Enforcement Court (also see Note 6 and Note 26).

10. Financial charges		2023	2022
Interest on loans and borrowings		1,819,411	923,992
Interest on leases		361,138	379,094
Others		36,512	56,362
		2,217,061	1,359,448

11. Loss per share

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The weighted average number of shares has been retrospectively adjusted for the prior year to reflect the element of the rights issue as required by IAS 33, "Earnings per share" as follows:

	2023	2022
Issued ordinary shares at January 1	1,671,000	876,000
Rights issue adjustment	-	528,699
Weighted average number of shares (thousands)	1,671,000	1,404,699

The weighted average number of shares for the prior year is computed using an adjustment factor of 1.31, which is a ratio of the theoretical ex-right price of Saudi Riyals 15.29 and the closing price per share of Saudi Riyals 20.10 per share on June 13, 2022, the last day on which the shares were traded before the rights issue.

The basic and diluted loss per share is calculated as follows:

	2023	2022
Loss for the year for basic and diluted earnings per share	(4,692,733)	(1,114,881)
Weighted average number of shares outstanding during the year (number of shares in thousands)	1,671,000	1,404,699
Adjustment for the effect of dilution in weighted average number of shares outstanding during the year due to ESOP (number of shares in thousands)	335	337
Basic and diluted loss per share (Saudi Riyals)	(2.81)	(0.79)

12. Property, plant and equipment

	Notes	Buildings and infrastructure	Plant, machinery and operating equipment	Vehicles and related equipment	Furniture and IT equipment	Capital projects in progress	Total
Cost							
January 1, 2022		11,124,396	58,049,074	46,970	600,896	1,002,022	70,823,358
Additions		-	241,365	-	-	557,100	798,465
Transfers							
Within property, plant and equipment		69,286	648,489	40	15,083	(732,898)	-
Intangible assets	14	-	-	-	-	(3,981)	(3,981)
Disposals		(385)	(4,030)	(408)	(6,129)	-	(10,952)
December 31, 2022		11,193,297	58,934,898	46,602	609,850	822,243	71,606,890
Additions		-	212,135	-	-	824,375	1,036,510
Transfers							
Within property, plant and equipment		27,672	872,717	-	4,360	(904,749)	-
Intangible assets	14	-	-	-	-	(14,618)	(14,618)
Disposals		(28,905)	(55,787)	(156)	(1,708)	-	(86,556)

	Notes	Buildings and infrastructure	Plant, machinery and operating equipment	Vehicles and related equipment	Furniture and IT equipment	Capital projects in progress	Total
December 31, 2023		11,192,064	59,963,963	46,446	612,502	727,251	72,542,226
Accumulated depreciation							
January 1, 2022		3,093,868	23,282,183	37,347	319,728	-	26,733,126
Charge for the year		242,747	1,955,500	1,481	46,357	-	2,246,085
Released on disposals		(185)	(3,584)	(408)	(5,742)	-	(9,919)
December 31, 2022		3,336,430	25,234,099	38,420	360,343	-	28,969,292
Charge for the year		245,023	2,136,281	1,481	41,350	-	2,424,135
Released on disposals		(28,892)	(45,751)	(156)	(1,665)	-	(76,464)
December 31, 2023		3,552,561	27,324,629	39,745	400,028	-	31,316,963
Carrying Value:							
At December 31, 2023		7,639,503	32,639,334	6,701	212,474	727,251	41,225,263
At December 31, 2022		7,856,867	33,700,799	8,182	249,507	822,243	42,637,598

12.1 Planned periodic maintenance

The Company conducted planned periodic maintenance activity for its Phase - 2 operational facilities and production plants that required shutdown of the Phase – 2 operational facilities and production plants from December 1, 2022 to January 23, 2023. The net book value of such periodic maintenance costs as at December 31, 2023 amounted to Saudi Riyals 551 million, which is included in plant, machinery and operating equipment.

Depreciation for the year has been allocated as follows:

	Notes	2023	2022
Cost of sales	6	2,296,551	2,132,121
General and administrative expenses	9	127,584	113,964
		2,424,135	2,246,085

12.2 During the year ended December 31, 2023, the Company has performed an impairment assessment for its property, plant and equipment mainly due to changed market conditions. The management assessed the value in use amount of the cash generating unit (CGU). The cash flow projections are based on detailed budgets and discounted forecast calculations. As a result of such assessment, management concluded that as at December 31, 2023, the recoverable amount of the CGU was higher than the carrying amount of property, plant and equipment.



13. Leases

13.1 Right-of-use assets

	Land, buildings and infrastructure	Plant and machinery	Vehicles	Total
Cost				
January 1, 2022	1,260,813	11,660,838	109,434	13,031,085
Additions	-	-	51,342	51,342
Derecognition	-	-	(1,972)	(1,972)
December 31, 2022	1,260,813	11,660,838	158,804	13,080,455
Additions	-	-	9,876	9,876
Derecognition	-	-	(878)	(878)
December 31, 2023	1,260,813	11,660,838	167,802	13,089,453
Accumulated depreciation				
January 1, 2022	265,987	2,022,868	73,272	2,362,127
Charge for the year	35,537	652,980	20,928	709,445
Released on derecognition	-	-	(1,265)	(1,265)
December 31, 2022	301,524	2,675,848	92,935	3,070,307
Charge for the year	35,537	652,980	21,805	710,322
Released on derecognition	-	-	(482)	(482)
December 31, 2023	337,061	3,328,828	114,258	3,780,147
Carrying value				
At December 31, 2023	923,752	8,332,010	53,544	9,309,306
At December 31, 2022	959,289	8,984,990	65,869	10,010,148

Depreciation for the year has been allocated as follows:

	Note	2023	2022
Cost of sales	6	658,380	658,380
General and administrative expenses	9	51,942	51,065
		710,322	709,445

14.2 Lease liabilities

Lease liabilities as at December 31, are as follows:

	2023			2022		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
Land, buildings and infrastructure	2,545,167	1,479,650	1,065,517	2,622,391	1,532,332	1,090,059
Plant and machinery	11,287,679	2,306,797	8,980,882	12,153,276	2,612,544	9,540,732
Vehicles	59,099	3,422	55,677	72,762	5,712	67,050
	13,891,945	3,789,869	10,102,076	14,848,429	4,150,588	10,697,841

Lease liabilities as at December 31, are presented in the statement of financial position as follows:

	2023	2022
Current portion	630,368	602,365
Non-current portion	9,471,708	10,095,476
	10,102,076	10,697,841

The minimum lease payments together with the present value of minimum lease payments as at December 31 are as follows:

	2023		2022	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within twelve months	969,110	630,368	961,665	602,365
One to five years	3,777,773	2,623,085	3,788,082	2,565,374
More than five years	9,145,062	6,848,623	10,098,682	7,530,102
Total minimum lease payments	13,891,945	10,102,076	14,848,429	10,697,841
Less: finance charges	(3,789,869)	-	(4,150,588)	-
Present value of minimum lease payments	10,102,076	10,102,076	10,697,841	10,697,841

Details of major classes of leases is as follows:

(a) Land, building and infrastructure

(i) Community: The land and facilities lease for community is with Saudi Aramco for a period of 25 years (see Note 4.21).

(ii) Marine Terminal: The land and facilities lease for marine terminal is with Saudi Aramco for a period of 30 years (see Note 4.20).

(iii) Complex Land: The Complex land lease is with Saudi Aramco for a period of 99 years (see Note 4.18).

(iv) Rabigh Plus Tech Park Land: The Rabigh Plus Tech Park land lease is with Saudi Aramco for a period of 35 years (see Note 4.19).

(b) Plant and machinery

(i) Power, steam and water: The lease is with Rabigh Arabian Water and Electricity Company (RAWEC) for a period of 25 years.

(ii) Desalination plant: The Company has taken over the interest and obligations of Saudi Aramco in respect of the Desalination plant for the Refinery Complex, with a remaining term of 17 years.

(c) Vehicles

The Company has leases with Eradat Transport LLC and Al Jomaih Automotive Company for leases of buses and vehicles for a period of 5 years.

13.3 During the year ended December 31, 2023, the Company's expenses relating to short-term leases and low value assets are Saudi Riyals Nil (December 31, 2022: Saudi Riyals 1,974 thousands) and Saudi Riyals 1,120 thousands (December 31, 2022: Saudi Riyals 1,764 thousands), respectively.

14. Intangible assets

	Note	Software	Licenses	Other	Total
Cost					
January 1, 2022		457,217	430,326	5,154	892,697
Additions	12	3,981	-	-	3,981
December 31, 2022		461,198	430,326	5,154	896,678
Additions	12	14,618	-	-	14,618
December 31, 2023		475,816	430,326	5,154	911,296
Amortization					
January 1, 2022		322,329	197,905	1,597	521,831
Amortization for the year		45,070	37,759	735	83,564
December 31, 2022		367,399	235,664	2,332	605,395
Amortization for the year		47,672	37,759	735	86,166
December 31, 2023		415,071	273,423	3,067	691,561
Carrying value:					
December 31, 2023		60,745	156,903	2,087	219,735
December 31, 2022		93,799	194,662	2,822	291,283

Amortization for the year has been allocated as follows:

	Note	2023	2022
Cost of sales	6	45,027	45,104
General and administrative expenses	9	41,139	38,460
		86,166	83,564

15. Financial assets and financial liabilities

15.1 Financial assets measured at amortized cost

	Note	2023	2022
Loans to employees			
Loans to employees	15.1.1	270,461	248,691
Less: current portion of long-term loans		(1,715)	(4,151)
Non-current portion of long-term loans		268,746	244,540
Trade receivables	15.1.2	5,190,684	5,377,367

15.1.1 The Company's eligible employees are provided with loans under an employees' home ownership program upon completion of four years of service with the Company. The cost of the land is advanced to employees free of interest cost while the construction cost of the house is amortized and repayable free of interest to the Company to the extent of 90% over a period of seventeen years provided the employee completes ten years of service from the date of first disbursement of the loan.

The remaining 10% is amortized over the term of the loan (seventeen years). These loans are secured by mortgages on the related housing units. Ownership of the housing unit is transferred to the employee upon full payment of the loan.

15.1.2 Trade receivables of the Company are as follows:

	Note	2023	2022
Trade receivables – related parties	25	5,185,181	5,344,931
Trade receivables – others		5,503	32,436
		5,190,684	5,377,367

Following is the ageing matrix used by the Company for analysis of trade receivables:

	Total	Neither past due nor impaired	Past due but not impaired					More than 24 months impaired
			Less than 6 months	6 to 12 months	12 to 18 months	18 to 24 months	More than 24 months	
2023	5,190,684	5,174,556	14,986	-	-	-	1,142	-
2022	5,377,367	5,231,094	94,399	50,388	318	-	1,168	-

Financial assets also include cash and cash equivalents amounting to Saudi Riyals 1,372 million (December 31, 2022: Saudi Riyals 2,045 million) and other receivables amounting to Saudi Riyals 31 million (December 31, 2022: Saudi Riyals 59 million) that are measured at amortized cost.

15.2 Financial assets measured at fair value through profit and loss

	2023	2022
Investment in RAWEC	10,000	10,000

The Company holds 1% shares in the capital of RAWEC, a Saudi limited liability company.

15.3 Financial liabilities measured at amortized cost

Loans, borrowings and other long-term liability	Note	2023	2022
Loans and facilities from banks, financial institutions, founding shareholders and their affiliates	15.3.1	22,417,798	22,217,212
Loan from Saudi Industrial Development Fund (SIDF)	15.3.2	3,006,741	3,145,908
Other facilities	15.3.3	3,269,182	649,576
		28,693,721	26,012,696
Less: current portion		(9,082,981)	(13,435,306)
Non-current portion		19,610,740	12,577,390
Trade and other payables	15.3.4	11,856,665	12,117,925

15.3.1 Loans and facilities from banks, financial institutions, founding shareholders and their affiliates.

15.3.1(a) During the year 2015, the Company had entered into Consortium Loan Agreements with commercial banks and financial institutions for Phase II Expansion Project. The facilities available under these loan agreements amounted to Saudi Riyals 30,630 million which have been utilized in full by the Company. The loan amounting to Saudi Riyals 19,380 million is repayable in semi-annual instalments from June 2019 to June 2031. During the year ended December 2020, a portion of loans amounting to Saudi Riyals 3,312 million has been repaid from the proceeds of loan from SIDF (Note 15.3.2). During the year ended December 31, 2022, the equity bridge loans guaranteed by founding shareholders amounting to Saudi Riyals 11,250 million were partially repaid to an extent of Saudi Riyals 1,940 million out of the proceeds of the rights issue carried out by the Company in the year 2022. The equity bridge loans had an initial

maturity of July 1, 2019, which during the year ended December 31, 2023, have been restructured (the "restructured EBLs") and are now repayable in unequal annual instalments commencing from December 2024 to December 2027 whilst continuing to be guaranteed by founding shareholders. An Extension fee amounting to Saudi Riyals 135 million is payable in two instalments and is amortised over the term of restructured EBLs. The restructured EBLs are financed by commercial banks and a related party (Aramco Overseas Company, a wholly owned subsidiary of Saudi Aramco, a founding shareholder), to an extent of Saudi Riyals 6,310 million and Saudi Riyals 3,000 million respectively.

The aforementioned loans are denominated in US Dollars and bear financial charges based on prevailing market rates and certain covenants requirements. The loans are secured by property, plant and equipment (Note 12) and cash and cash equivalents (Note 16) of the Company with a carrying value of Saudi Riyals 41,225 million and Saudi Riyals 1,372 million, respectively.

15.3.1 (b) During the year 2020, the Company entered into Revolving corporate facilities with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical. The facilities available under each of these agreements amount to Saudi Riyals 2,812.5 million (collectively Saudi Riyals 5,625 million) and are utilized to the extent of Saudi Riyals 3,525 million as at December 31, 2023.

Further, the Company entered into a corporate facility agreement with Saudi Aramco during 2020. The facility available under this agreement amounts to Saudi Riyals 1,875 million and is unutilized as at December 31, 2023.

The aforementioned facilities bear financial charges based on prevailing market rates and are secured by promissory notes issued by the Company in favour of the lenders to the extent of drawdowns made.

15.3.2 Loan from SIDF

During the year ended December 31, 2019, the Company entered into a loan agreement with SIDF to replace a portion of the loans for Phase II Expansion Project (see Note 8.3.1). The facility available under this loan agreement amounts to Saudi Riyals 3,600 million and is fully utilized as at December 31, 2023. The loan is repayable in unequal semi-annual instalments commencing from Rabi Aakhir 1443H (corresponding to November 2021) to Shawwal 1453H (corresponding to January 2032). Upfront fee amounting to Saudi Riyals 288 million was deducted at the time of receipt of the loan and is amortised over the loan term. The loan also bears a follow up fee to be paid on semi-annual basis. The loan has certain covenants, which among other things requires certain financial ratios to be maintained. The loan facility is secured by a mortgage on the property, plant and equipment of the Company amounting to Saudi Riyals 7,200 million.

15.3.3 Other facilities

- (a) The Company has working capital facilities of Saudi Riyals 3,375 million with local commercial banks on prevailing market rates. During the year ended December 31, 2023, drawdowns and repayments amounting to Saudi Riyals 31,150 million and Saudi Riyals 28,535 million, respectively have been made by the Company with a closing balance of Saudi Riyals 3,262 million as at December 31, 2023 (December 31, 2022: Saudi Riyals 647 million).
- (b) The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at December 31, 2023, the facility has been unutilized (December 31, 2022: Saudi Riyals Nil).

15.3.4 Trade and other payables

	2023	2022
Trade payables:		
- Related parties	10,777,474	10,865,318
- Others	1,000,340	1,152,886
	11,777,814	12,018,204
Other payables – related parties (see below)	78,851	99,721
	11,856,665	12,117,925

Other payables principally relate to payments made by founding shareholders on behalf of the Company in respect of seconded employees and other charges, remaining accumulated interest on shareholders loans amounting to Saudi Riyals 45.1 million and withholding tax on the remaining unpaid accumulated interest on loan from Sumitomo Chemical amounting to Saudi Riyals 1.2 million.

15.4 Financial instruments risk management objectives and policies

Financial risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations and each individual within the Company is accountable for the risk exposures relating to respective responsibilities. The Company's policy is to monitor business risks through strategic planning process.

Risk management structure

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Board audit committee

The audit committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting and risk management, the internal audit thereof and the soundness of the internal controls of the Company.

Internal audit

All key operational, financial and risk management processes are audited by internal audit. Internal audit examines the adequacy of the relevant policies and procedures and the Company's compliance with internal policies and regulatory guidelines. Internal audit discusses the results of all assessment with management and reports its findings and recommendations to audit committee.

The risks faced by the Company and the way these risks are mitigated are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk principally arises from cash and cash equivalents, trade receivables, long-term loans and other receivables.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
Cash and cash equivalents	1,372,066	2,044,718
Trade receivables	5,190,684	5,377,367
Long-term loans	270,461	248,691
Other receivables	31,053	59,093
	6,864,264	7,729,869

Cash and cash equivalents are placed with banks with sound credit ratings. The majority of trade receivables representing 99.8% (December 31, 2022: 99.4%) is from founding shareholders and their affiliates with historically strong credit ratings and is stated at respective fair values. In the event of disagreement on any invoice, the marketer is required to pay the full value of the invoice prior to resolution of the disagreement. The Company does not obtain collaterals over receivables. As at December 31, 2023, there were overdue debts equivalent to 0.3% (December 31, 2022: 3%) of trade receivables of Company's allowed credit periods. The loans receivable from employees are secured by mortgages on the related housing units. The Company is not exposed to significant credit risk on other receivables.

Commodity price risk

The Company is exposed to the risk of fluctuations in the prevailing market prices on the refined and petrochemical products it produces. The Company's policy is to manage these risks through the use of contract-based prices with major customers, based on the agreements entered by the Company (Note 4). The Company does not enter into commodity price hedging arrangements.

Fair value and cash flow interest rate risks

Fair value and cash flow interest rate risks are the exposures associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from its short-term deposits, loans from banks and financial institutions and loans from founding shareholders and their affiliates, which are at

floating rate of interest and are subject to re-pricing on a regular basis.

Fair value of financial assets and liabilities carried at amortized cost approximate their carrying amounts.

Interest rate sensitivity

As at December 31, 2023, it is estimated that a general increase / decrease of 50 basis points in floating interest rates on loans and borrowings, with all other variables held constant, would increase / decrease the Company's profit (loss) for the year by approximately Saudi Riyals 128.2 million (December 31, 2022: Saudi Riyals 114.1 million).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are principally in Saudi Riyals and US Dollars. The Company monitors the fluctuation in currency exchange rates and believes that currency risk is not significant to the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on regular basis and the Company ensures that sufficient liquid funds are available to meet any commitments as they arise. The Company aims to maintain sufficient level of its cash and cash equivalents to meet expected cash outflows of financial liabilities.

The Company's financial liabilities consist of trade and other payables (Note 15.3.6), loans and borrowings (Note 15.3.1, 15.3.2, 15.3.3, 15.3.4 and 15.3.5), lease liabilities (Note 13.2) and accrued expenses and other liabilities (Note 22). All financial liabilities except for loans and borrowings, lease liabilities, are non-commission bearing and expected to be settled within 12 months from the date of statement of financial position.

The following analysis provides the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant, except for lease liabilities, which are stated at minimum lease payments.

2023	Less than three months	Three to twelve months	One to five years	Over five years
Loans and borrowings	3,269,182	7,178,470	18,472,058	5,314,569
Lease liabilities	236,551	732,559	3,777,773	9,145,062
Trade and other payables	10,813,358	1,043,307	-	-
Accrued expenses and other liabilities	397,734	-	-	-
	14,716,825	5,429,336	25,774,831	14,459,631
2022	Less than three months	Three to twelve months	One to five years	Over five years
Loans and borrowings	10,108,939	2,094,893	8,249,743	9,607,747
Lease liabilities	232,911	728,754	3,788,082	10,098,682
Trade and other payables	10,912,983	1,204,942	-	-
Accrued expenses and other liabilities	298,868	-	-	-
	21,553,701	4,028,589	12,037,825	19,706,429

Capital management

The primary objective of the Company's capital management is to ensure that it maintains strong credit worthiness and capital ratios in order to support its business and maximize shareholders' value.

The Company's Board of Directors considers share capital, retained earnings (accumulated losses) and statutory reserve as Company's capital. The Company manages its capital and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

16. Cash and cash equivalents

	2023	2022
Cash in hand	75	75
Cash at banks - current accounts	1,372,066	2,044,718
	1,372,141	2,044,793

17. Inventories

	2023	2022
Raw materials (at cost)	432,841	520,616
Work-in-progress (at net realizable value)	1,201,825	1,150,901
Finished goods (at net realizable value)	1,176,703	1,172,287
Goods-in-transit (at cost)	363	1,816
Spare parts and consumables (net of provision)	1,160,685	1,183,145
	3,972,417	4,028,765

During the year ended December 31, 2023, in order to carry the inventory at net realizable value, the net movement in provision for inventory except for spare parts and consumables has resulted in Saudi Riyals Nil (December 31, 2022: Saudi Riyals 332.2) expense under cost of sales.

Movement in provision for slow moving spare parts and consumables is as follows:

	Note	2023	2022
January 1		168,425	115,807
Additions	6	13,260	53,511
Utilized		(58)	(893)
December 31		181,627	168,425

18. Prepayments and other receivables

	Note	2023	2022
Prepayments		93,329	109,049
Advances to suppliers		67,342	79,445
Advance tax and value added tax		1,208,889	541,411
Other receivables		23,834	25,112
		1,393,394	755,017
Due from related parties	25	8,612	50,716
		1,402,006	805,733

19. Share capital

The Company's authorised and issued share capital of Saudi Riyals 16.71 billion at December 31, 2023 and December 31, 2022 consists of 16,710 million fully paid shares of Saudi Riyals 10 each. The founding shareholders of the Company are Saudi Aramco and Sumitomo Chemical and each of them hold 37.5% of the shares.

The cost of rights issue carried out during the previous year ended December 31, 2022 amounted to Saudi Riyals 47.01 million was recognized in statement of changes in equity.

20. Statutory reserve

In accordance with the Regulation for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer each year at least 10% of its net income, after absorbing accumulated losses, to a statutory reserve until such reserve equal 30% of its share capital. This reserve is not available for distribution to shareholders.

21. Employees' benefits

	Note	2023	2022
End of service benefits	21.1	585,458	522,089
Employees' share ownership plan	21.2	5,305	5,339
Employees' savings program	21.3	227,809	197,765
Total employees' benefits		818,572	725,193
Less: Current portion of employees' benefits under accrued expenses and other liabilities		(5,047)	(5,468)
Non-current portion of employees' benefits		813,525	719,725

21.1 End of service benefits

	2023	2022
Company's employees	580,837	517,044
Founding shareholders' seconded employees	4,621	5,045
	585,458	522,089

The Company has a post-employment defined benefit plan for its employees. The benefits are required by Saudi Arabian Labor and Workman Law (labor law). The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law.

The following table summarizes the components of the net benefit expense recognized in the statement of profit or loss, statement of comprehensive income and movement in present value of defined benefit obligation in the statement of financial position.

	2023	2022
Net benefit expense recognised in statement of profit or loss:		
Current service cost	47,530	61,558
Interest cost on benefit obligation	26,193	16,249
	73,723	77,807
Net benefit expense recognised in statement of comprehensive income:		
Actuarial gain arising from experience	(1,089)	(523)
Actuarial loss (gain) arising from changes in financial assumptions	13,434	(153,883)
	12,345	(154,406)
Movement in present value of defined benefit obligation:		
January 1	517,044	605,754
Current service cost	47,530	61,558
Interest cost on benefit obligation	26,193	16,249
Actuarial gain arising from experience	(1,089)	(523)
Actuarial loss (gain) arising from changes in financial assumptions	13,434	(153,883)
Benefits paid during the year	(22,275)	(12,111)
December 31	580,837	517,044

Significant assumptions used in determining the post-employment defined benefit obligation include the following:

	2023	2022
Discount rate	5.00%	5.25%
Salary escalation rate	4%	4%
In service mortality	SOA RP14 Total Dataset mortality with scale MP-14	SOA RP14 Total Dataset mortality with scale MP-14
Withdrawal before normal retirement age	Age-wise	Age-wise

The weighted average duration of the defined benefit obligation as at December 31, 2023 is 9.5 years (December 31, 2022: 9.7 years). A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is shown below:

Discount rate:	2023	2022
1% increase in discount rate	530,046	470,962
1% decrease in discount rate	640,174	571,042
Salary escalation rate:		
1% increase in salary escalation rate	640,234	571,238
1% decrease in salary escalation rate	529,090	469,992
Voluntary exit rate:		
5% increase at each age	585,775	523,514
5% decrease at each age	566,088	498,611

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

21.2 Employees' share ownership plan

During the year ended December 31, 2008, the Board of Directors approved the implementation and operation of an Employees' share ownership plan ("ESOP"), which provides 5 years' service awards to certain levels of staff.

The Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO at the offer price of Saudi Riyals 21 per share. These ESOP shares are held by the bank in trust for the Company's eligible employees that will become eligible for an award under the plan.

Any of the ESOP shares that do not become issuable to eligible employees will be dealt with by the bank in accordance with the Company's instructions, and any disposal proceeds will be for the account of the Company. The Company recognized the liability through provision by amortizing the total cost of the ESOP shares on a straight-line basis over a period of 5 years.

Until the ESOP shares become vested and are transferred to the eligible employees, they are accounted for as a deduction from shareholders' equity. During the year ended December 31, 2023, the Company has vested 1,600 shares to eligible employees due for entitlement (December 31, 2022: 6,400 shares).

The carrying amount of the ESOP at December 31, 2023 is Saudi Riyals 5.3 million (December 31, 2022: Saudi Riyals 5.3 million).

21.3 Employees' savings program

The Company operates a thrift savings program (the "Program") on behalf of its employees and the Company matches the employee contribution with an equal, or lesser, contribution towards the Program that is commensurate with the employee's participation seniority in the Program.

Balance in employees' savings program is presented in the statement of financial position as follows:

	2023	2022
Current portion (included in accrued expenses and other liabilities)	516	613
Non-current portion	227,293	197,152
	227,809	197,765

22. Accrued expenses and other liabilities

	note	2023	2022
Accrued bonus		28,702	28,119
Customer advances		15,123	29,751
Social security payable		8,691	8,538
Withholding tax and value added tax (VAT) payable		773,353	415,654
Accrued expenses		378	395
Dividend payable		1,028	1,029
Others		38,500	9,557
		865,775	493,043
Due to related parties	25	320,435	251,230
		1,186,210	744,273

23. Zakat and tax

23.1 Charge for the year

Zakat and tax for the year ended December 31, is as follows:

	note	2023	2022
Zakat for the year		-	-
Income tax for the year		-	-
Deferred tax (income) charge for the year (see below)		(106,512)	16,638
Zakat for the preceding years	23.3	5,341	42,896
		(101,171)	59,534

Income tax and deferred tax for the year ended December 31, has been recognised as follows:

	note	2023	2022
Statement of profit or loss:			
- Income tax			
- Deferred tax income (charge)		(105,586)	5,058
Tax (income) expense for the year	23.2	(105,586)	5,058
Statement of comprehensive income – Deferred tax (income) expense		(926)	11,580

23.2 Zakat base and tax expense reconciliation

Zakat for the year ended December 31, is attributable to the following components:

	2023	2022
Share capital, reserves and carried forward losses	11,139,466	15,546,824
Liabilities and provisions	26,156,515	26,474,614
Assets	(42,998,270)	(44,513,632)
Zakat base	(5,702,288)	(2,492,194)
Zakat base attributable to Saudi founding shareholder and general public shareholding (2023 and 2022: 62.5%)	(3,563,930)	(1,557,621)
Zakat for the year	-	-

Some of the above-mentioned amounts have been adjusted in arriving at the Zakat charge for the year. Since Zakat base is negative for the year ended December 31, 2023, Zakat charge is Nil.

Reconciliation between (loss) profit before Zakat and tax at applicable tax rate and tax expense for the year ended December 31, is as follows:

	2023	2022
Loss before Zakat and tax	(4,792,978)	(1,066,927)
Loss subject to tax (2023 and 2022: 37.5%)	(1,797,367)	(400,098)
Tax at applicable tax rate (20%)	(359,473)	(80,020)
Tax effect of non-deductible expenses:		
Interest expense in excess of allowable limit	138,236	71,180
Withholding tax	6,397	4,078
Effect of previous years' tax assessments on brought forward losses	100,540	-
Educational assistance	199	186
Others	8,515	9,634
Tax (income) expense for the year	(105,586)	5,058

23.3 Status of assessments

The Company has filed its Zakat and income tax returns with the Zakat, Tax and Customs Authority (ZATCA) up to 2022 and obtained the Zakat certificate, valid until April 30, 2024. The Company has finalized Zakat and income tax assessments with ZATCA up to 2020.

During the year ended December 31, 2023, ZATCA requested certain information regarding the returns filed for the years 2021 and 2022, which the Company has already provided to the ZATCA.

24. Zakat and tax asset and liability

24.1 The movement of Zakat and income tax payable is as follows:

	note	2023	2022
January 1		31,411	41,814
Charge for the current year	23.1	-	-
Adjustment for preceding years	23.3	5,341	42,896
Payments during the year		(36,752)	(53,299)
December 31		-	31,411

24.2 The component wise movement of deferred tax asset is as follows:

2023	Property, plant and equipment	Tax losses carried forward	Employees' benefits	Trade receivables and inventories	Others	Total
January 1	(1,715,291)	1,782,522	39,157	12,632	5,334	124,354
Tax (expense) income recognised in statement of profit or loss	(82,190)	179,980	3,826	990	2,980	105,586
Tax income recognised in statement of comprehensive income	-	-	926	-	-	926
December 31	(1,797,481)	1,962,502	43,909	13,622	8,314	230,866
2022						
January 1	(1,562,591)	1,646,274	45,872	8,685	2,752	140,992
Tax (expense) income recognised in statement of profit or loss	(152,700)	136,248	4,865	3,947	2,582	(5,058)
Tax expense recognised in statement of comprehensive income	-	-	(11,580)	-	-	(11,580)
December 31	(1,715,291)	1,782,522	39,157	12,632	5,334	124,354

The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

25. Related party transactions and balances

Related parties comprise of founding shareholders of the Company being Saudi Aramco and Sumitomo Chemical, (having significant influence on the Company) entities controlled, jointly controlled or significantly influenced by such parties (associated companies) and key management personnel.

25.1 Transactions with related parties

Transactions with related parties arise mainly from purchases, sales of refined and petrochemical products, credit facilities, secondments and various lease arrangements and are undertaken at approved contractual terms (See note 4). Significant related party transactions for the year ended December 31, are summarized as follows:

	2023	2022
Saudi Aramco and its associated companies		
Purchase of goods	39,289,907	48,714,149
Sale of refined products and petrochemical products	38,055,923	48,121,386
Financial charges	317,948	134,790
Rentals	24,649	23,372
Seconded's costs	11,837	14,149
Service and other cost charges, net	18,212	20,841
Sumitomo Chemical and its associated companies		
Purchase of goods	69,117	71,771
Sale of petrochemical products	5,074,367	6,405,992
Financial charges	98,494	75,294
Seconded's costs	4,564	6,144
Service and other cost charges, net	260	108

25.2 Balances with related parties

Significant balances as at December 31, arising from transactions with related parties are as follows:

	note	2023	2022
Saudi Aramco and its associated companies			
Due to related parties:			
Loans and borrowings	15	1,766,290	1,089,616
Trade and other payables	15	10,828,385	10,924,407
Employees' benefits		47	156
Accrued expenses and other liabilities	22	256,474	233,385
Due from related parties:			
Trade and other receivables	15,18	4,670,939	4,885,978

The Company has borrowing arrangements with governmental agencies at market terms (Notes 15.3.1 and 15.3.2) having an ending balance of Saudi Riyals 6,030 million as at December 31, 2023 (December 31, 2022: Saudi Riyals 6,518 million).

	note	2023	2022
Sumitomo Chemical and its associated companies			
Due to related parties:			
Loans and borrowings	15	1,766,290	1,089,616
Trade and other payables	15	27,941	40,632
Accrued expenses and other liabilities	22	63,961	17,845
Employees' benefits		43	33
Due from related parties:			
Trade and other receivables	15,18	522,854	509,669

25.3 Transactions with key management personnel

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 13.7 million (December 31, 2022: Saudi Riyals 15.3 million) of which Saudi Riyals 7.7 million (December 31, 2022: Saudi Riyals 7.6 million) are included in secondees' costs above (see Note 25.1). The remuneration paid to directors amounted to Saudi Riyals 1.05 million (December 31, 2022: Saudi Riyals 1.05 million).

26. Contingencies and commitments

- (i) In addition to the amounts disclosed in note 15.3.3, bank guarantees and letters of credit issued on behalf of the Company as at December 31, 2023 amounted to Saudi Riyals 1,683 million (December 31, 2022: Saudi Riyals 1,828 million).
- (ii) In addition to the amounts disclosed in note 13.2, capital commitments contracted for but not incurred as at December 31, 2023 amounted to Saudi Riyals 466 million (December 31, 2022: Saudi Riyals 194 million).
- (iii) During the year ended December 31, 2021, Saudi Electricity Company ("SEC") raised a claim against the Company alleging that the Company breached the Power Supply Agreement (the "Agreement") by importing power in excess of the 130MWs threshold set in the Agreement. After payment of an undisputed amount of Saudi Riyals 56.4 million, the remaining disputed amount was Saudi Riyals 317.98 million which consisted of penalty on Grid Utilization Fee for 2018 and higher Grid Utilization Fee for 2019 and 2020 compared to the threshold stated as per the Agreement. In addition, SEC increased the claim amount to Saudi Riyals 365.7 million by adding Saudi Riyals 47.7 million as Grid Utilization Fee for 2021 which was the subject of a new Grid Utilization Agreement negotiated by the Company and SEC (National Grid), and not part of the above dispute. On December 19, 2021, the Dispute Resolution Committee (the "Committee") issued an administrative decision ordering the Company to pay SEC the claim amount of Saudi Riyals 365.7 million. The Company filed an appeal against the Committee's decision on several grounds with the Jeddah Administrative Court at the Board of Grievances which held the appeal hearing on February 8, 2023 and ruled the decision in favor of the Company. SEC had filed an appeal against the Court's decision with the Administrative Court of Appeal which ruled the decision in favor of SEC. The Company has also filed an appeal against this decision of the Administrative Court of Appeal at the Supreme Court of Cessation to revoke the judgement issued by the Administrative Court of Appeal. The Company's appeal has been accepted and the hearing date is awaited.

On October 24, 2023, the Company received an enforcement notice to pay the claim amount of Saudi Riyals 365.7 million inclusive of VAT, which the Company has duly paid to the Enforcement Court. Further, the Company has filed an appeal with the Enforcement Court against the above notice. Accordingly, the Company's management took a prudent view of the matter and has made a provision amounting to Saudi Riyals 343 million exclusive of VAT in these financial statements.

27. Applicability of new Companies Law

These financial statements were approved and authorized for issue by the Board of Directors of the Company on Ramadan 10, 1445H (March 20, 2024).



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