

**Sustainable  
Expansion..**  
Advancing  
Stakeholder  
Prosperity



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**King Salman bin Abdulaziz Al Saud**

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



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

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

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**Group Net Profit**  
**SAR 1.61 Bn.**



**Revenue**  
**SAR 8.8 Bn.**

# At a Glance

## Bahri Logistics

Over **200** port calls  
at 50 different ports



## Bahri Chemicals

**32** tankers  
total capacity of 1.6 million DWT



## Bahri Oil

**340** voyages  
operated  
**1.91** million barrels  
of oil transported worldwide



## Bahri Dry Bulk

**864,500** DWT  
total fleet capacity  
**3.7** million MT  
aggregate carrying capacity



## Assets

SAR **23** Bn.

## Group Net Profit

SAR **1.61** Bn.

## Revenue

SAR **8.8** Bn.

## EBITDA

SAR **3.9** Bn.

## Sustainability Highlights

Committed to **50% reduction** in carbon emissions by 2050

Installed **Smartship® system** on 57 vessels

**Gold sponsor** at the Sustainable Maritime Industry Conference



# About Bahri

Bahri, the National Shipping Company of Saudi Arabia (NSCSA), was established by Royal Decree M/5 as a public shareholding company on 21st January 1978, under commercial registration number 1010026026 issued in Riyadh, dated 22nd October 1979. Bahri's capital stood at 738,281,250 shares as of 31st December 2023. Today, Bahri is the Kingdom of Saudi Arabia's leading shipping company.

Today, Bahri is the Kingdom of Saudi Arabia's leading shipping company

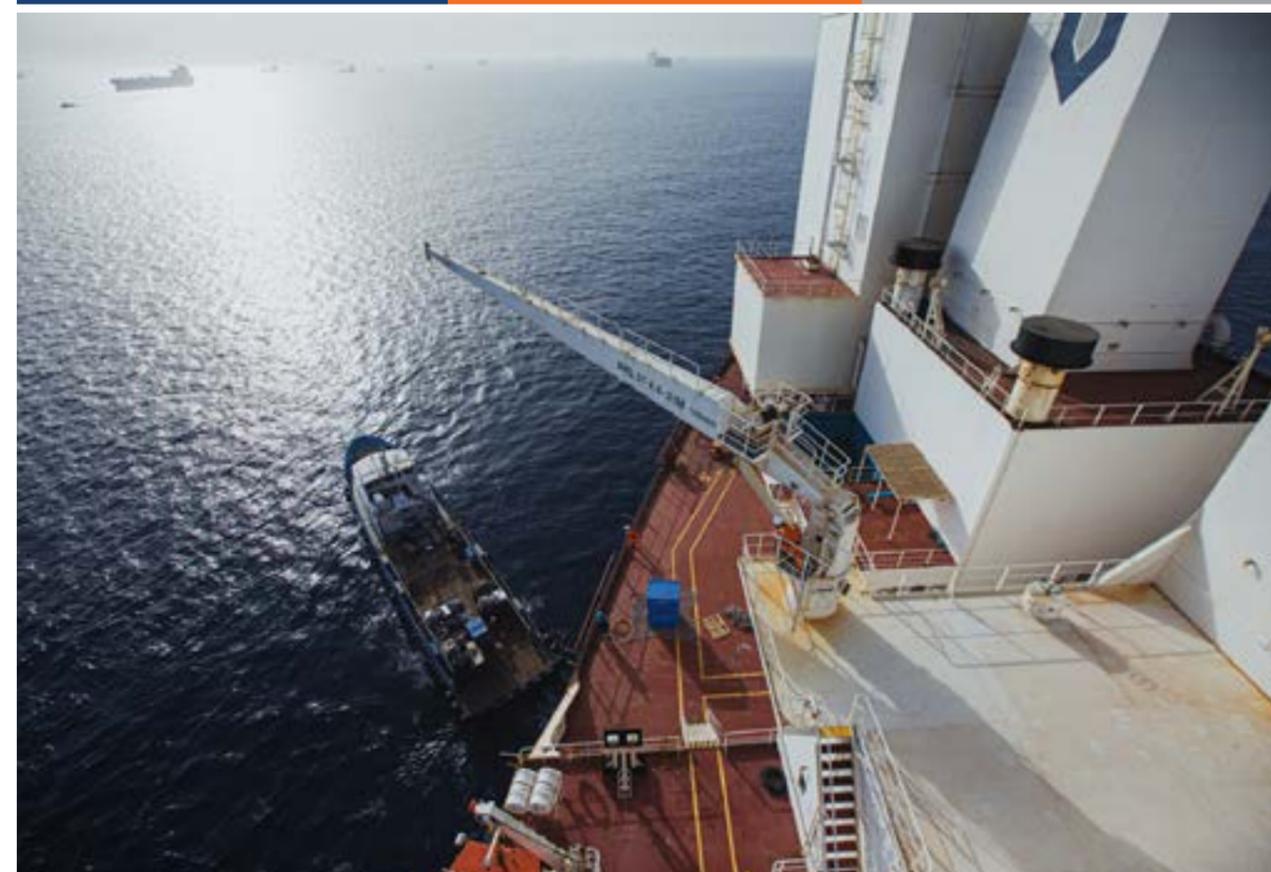
We are committed to a strategy of continued growth by further building our customer base in the Kingdom of Saudi Arabia and abroad, and establishing an international reputation for quality, reliability, and safety. Our business activities span the purchase, sale, and operation of ships and vessels for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

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

<h3>Bahri Oil</h3>  <p><b>39 tankers</b></p> <ul style="list-style-type: none"> <li>38 VLCCs operating in the spot market</li> <li>1 Clean Petroleum Products (CPP) tankers</li> </ul>	<h3>Bahri Chemicals</h3>  <p>Operated by National Chemical Carriers Limited Company (NCC), a subsidiary 80% owned by Bahri. At the end of 2023, NCC managed a fleet of 51 vessels and of those, owns <b>32 vessels</b> including 10 newbuilds delivered in 2022 as follows:</p> <ul style="list-style-type: none"> <li>16 IMO2 MR chemical tankers</li> <li>10 IMO2 MR newbuild chemical tankers</li> <li>1 IMO2 LR chemical tanker</li> <li>5 MR product tankers</li> </ul> <p>Furthermore, Bahri Chemicals has 19 vessels under short- to long-term time charter (10 x IMO2 MR, 2 x LR2 and 7 x J19 stainless steel) and a further 8 vessels under operational management for its key partner International Shipping and Trading Company (SABIC).</p> <p>The commercial management of Bahri Chemicals' fleet is optimized to benefit from the strong uplift in spot market earnings and to pursue time charter out arrangements to secure medium-term cash flow security. As such, at the end of 2023:</p> <ul style="list-style-type: none"> <li>2 IMO2 MR and 5 MR product tankers are time-chartered to Saudi partner companies SABIC and Aramco Trading Company (ATC)</li> <li>2 IMO2 MRs are time-chartered to international customers</li> </ul>
<h3>Bahri Logistics</h3>  <ul style="list-style-type: none"> <li>6 vessels</li> <li>Operating on trade routes between North America, Europe, the Middle East, and the Indian subcontinent in maritime and aviation-based freight and goods transportation. Additionally, we also operate as a maritime and aviation agent, a shipping intermediary, and charter ships and airplanes through Bahri Logistics.</li> </ul>	
<h3>Bahri Dry Bulk</h3>  <p>A subsidiary 60% owned by Bahri that owns 11 dry bulk carriers and operates as follows:</p> <ul style="list-style-type: none"> <li>6 dry bulk carriers operating in the spot market</li> <li>5 dry bulk carriers chartered to Arabian Agricultural Services Company (ARASCO)</li> </ul>	

## Our Vision, Mission, and Values

 <h3>Vision</h3> <p>To create value and share prosperity by connecting economies through excellence in global logistics solutions.</p>	 <h3>Mission</h3> <p>To be the best service provider, operating to world-class standards. We are relentless in applying responsible business fundamentals. We shall incorporate sustainable capabilities to provide fit-for-purpose solutions for our business partners and stakeholders, based on our values, to achieve mutual benefit.</p>	 <h3>Values</h3> <ul style="list-style-type: none"> <li>Considerate</li> <li>Driven</li> <li>Relentless</li> <li>Transparent</li> </ul>
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# Year in Review



JAN	FEB	MAR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<p><b>Signed term deal with Saudi Aramco to boost clean and chemical tanker capacity</b> The deal will help expand Bahri's medium-term oil product shipping capacity, by adding clean tankers from the USA, Japan, and Greece for a year.</p>	<p><b>Bahri's tanker, SARA, arrived at the Jeddah Islamic Port</b> The shipment brought 60,000 tons of barley from Bunbury, Australia.</p> <p><b>Bahri Line launched a new liner service</b> The new shipping route will connect Asia to Europe via Jeddah Islamic Port with a rotation of the Far East, India, and the Kingdom of Saudi Arabia. This comes as an extension of Bahri's expansion plan to widen its liner network, strengthen supply chains, and diversify shipping options to, from, and through Jeddah Islamic Port.</p>	<p><b>Signed an MoU with Suez Canal Authority</b> The deal will provide maritime transport services in the Egyptian market. Bahri will invest USD 499 Mn. and negotiate the potential of owning, leasing, hiring, and operating ships to transport general goods, including dry bulk, chemicals, oil, petroleum products, and liquefied gas, to meet the demands of the local market.</p>	<p><b>Signed an agreement with Shareek Program</b> The Private Sector Partnership Reinforcement Program, Shareek, will support Bahri's efforts to enter and invest in the gas transportation sector to enable the Company to meet the future demand for gas transportation.</p>	<p><b>Offloaded ageing VLCC</b> Bahri offloaded one of its oldest VLCCs in an effort to replace it with newer and more efficient carriers.</p>	<p><b>Turned attention to modern ultramax bulkers</b> In an attempt to replace tankers with bulkers, Bahri bought modern, scrubber-fitted ultramaxes built in Japan.</p>	<p><b>Signed an agreement with the Saudi Railway Company</b> Bahri Logistics partnered with the Saudi Railway Company (SAR) to provide global logistics support, including customs clearance and consultancy services for a 3-year period.</p>	<p><b>Participated in Sustainable Maritime Industry Conference 2023 as a Gold Sponsor</b> Bahri's participation exemplified its unwavering commitment to be a frontrunner for the cause of sustainability within the international shipping industry. The Company's aim is to target a 50% reduction in carbon emissions by 2050.</p> <p><b>Participated in Saudi Maritime Congress 2023 as a Founding Partner</b> The Company underlined its support for global maritime events and affirmed its pivotal role in driving the growth of the regional logistics sector.</p>	<p><b>Participated in the Abu Dhabi International Petroleum Exhibition</b> Bahri's CEO participated as a panelist at the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC) 2023 with the aim of enhancing efforts to reduce emissions from the current energy system.</p> <p><b>Signed an MoU with the Saudi Investment Recycling Company (SIRC)</b> The MoU signals a plan to foster collaboration in the field of sustainable shipping and aims to drive environmental stewardship, promote circular economy principles, and advance sustainable practices within the maritime industry.</p> <p><b>Took part in the GPCA Agricultural Nutrients Conference</b> The conference, hosted in Doha, Qatar, allowed Bahri to interact and share ideas with influential industry leaders aiming to transition towards a sustainable future for agricultural nutrients.</p>	<p><b>Secured 4 wins at The Maritime Standard Awards 2023</b> These awards stand as a testament to Bahri's outstanding leadership and unwavering dedication to becoming an industry frontrunner in shipping and logistics.</p> <p><b>Participated in the Global Freight Summit 2023</b> As an exhibitor, Bahri utilized the platform to showcase its cutting-edge solutions and advancements in the logistics industry.</p>	<p><b>Signed a membership agreement with Bayan Credit Bureau</b> The agreement will empower Bahri to avail the wide range of credit advisory services offered by Bayan and to make informed and responsible business decisions by assessing the creditworthiness of its potential clients.</p> <p><b>Received ISO/IEC 20000 Certification</b> Bahri's Information Technology team received a globally recognized IT certification under the ISO/IEC 20000-1:2018 standard. This achievement highlights Bahri's commitment to providing high-quality technology services and reinforces its dedication to excellence.</p>

# Where We Operate



## How We Operate

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

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

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

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

# 2023 Awards and Recognition



# Stakeholder Engagement

Bahri's ecosystem revolves around our people, customers, shareholders, and the communities where we operate. Cultivating long-term relationships with each of these stakeholder groups and empowering them is always at the top of our agenda. We are now well-positioned to achieve strong and sustainable growth in the years ahead and create unprecedented value for all our stakeholders.



## Our People

- Conducted external and independent Organizational Health Index (OHI) assessment, whereby our employees placed Bahri in the top 25% of healthy organizations, benchmarked against a global database of 2,800 companies in 100 countries
- Provided top-notch training for a total of 150 Saudi cadets and 58 cadets of other nationalities on board our vessels
- Designed a compelling Employment Value Proposition (EVP) framework, focusing on enhancing total employee rewards for attracting, retaining, and developing the best talent in our industry
- Arranged various corporate engagement activities, including CPR training for employees from our Saudi and Dubai offices, to increase their awareness and to support them during emergency situations
- Launched a number of campaigns and activities aimed at enriching the workplace for our team members



## Our Customers

- Conducted frequent surveys as a key performance metric to evaluate customer satisfaction, challenges, and potential improvement areas
- Established solid partnerships and relationships with suppliers and vendors to become the preferred partner for our customers
- Diversified our business activities to capture leakage across many of the Kingdom of Saudi Arabia's verticals, while taking commercial positions in anticipation of customer needs and future regulatory changes
- Hosted and attended more than 10 major conferences and events to further strengthen our relationships with customers



## Our Community

- Developed dedicated dashboards for tracking CO2 and other GHG emissions from our vessels and for taking decarbonization measures during the dry docking of existing vessels
- Enhanced the monitoring of energy consumption on board our ships, with various benchmarks defined to optimize fuel usage and reduce emissions, through regular engagements and follow ups with the vessels
- Implemented a robust safety improvement plan
- Ensured that all the data and information presented on the Company website and official social media channels is always precise and up to date



## Our Shareholders

- Provided easy access to relevant information and disclosed it to regional investors and analysts
- Convened 2 General Assembly Meetings, with the goal of upholding transparency and governance
- Maintained open communication channels and ensured that our Investor Relations webpage and Bahri IR app were kept updated
- Our Board of Directors approved the distribution of cash dividends to shareholders

# Shareholders' Information

Share Information		Major Investors	
Listing date	21st January 1978		
Exchange	Saudi Exchange (Tadawul)	Public Investment Fund (PIF)	22.55%
Symbol	4030 BAHRI	Saudi Aramco Development Co	20%
ISIN	SA0007870054		
Number of shares issued	738,281,250		
Market cap as of 31st December 2023	7,382,812,500		
Free float	57.45%		

Shareholders by Type	Number of Investors	Number of Shares	Percentage of Ownership
Corporate / Institutional	166	483,592,932	65.5%
Individual	34,552	254,688,318	34.5%
<b>Total</b>	<b>34,718</b>	<b>738,281,250</b>	<b>100%</b>

Bahri Investors according to Size of Ownership	Number of Investors	Number of Shares	Percentage of Ownership
More than 1,000,000	38	556,282,630	75.35%
999,999 - 500,000	35	24,052,198	3.26%
499,999 - 100,000	286	60,424,356	8.18%
99,999 - 50,000	297	20,493,486	2.78%
49,999 - 10,000	2,054	42,997,816	5.82%
9,999 - 5,000	1,785	12,426,258	1.68%
4,999 - 1,000	7,383	16,513,829	2.24%
Fewer than 1,000	22,840	5,090,677	0.69%
<b>Total</b>	<b>34,718</b>	<b>738,281,250</b>	<b>100%</b>

## Bahri Shareholders' Ownership by Type



## Our Commitment to Investors

In 2023, Bahri's Investor Relations (IR) team reinforced its commitment to providing the Company's investors with a high level of transparency, consistent communications, and focused performance to fulfil its mandate. Upholding its values - Transparency, Openness, and Approachability - its commitment to shareholders was demonstrated through its ability to maintain open communication channels, ensure timely disclosure of all relevant information, and constantly evaluate and implement new ways to improve and create value for Bahri's investors and stakeholders.

The IR team is dedicated to ensuring that the Company's information is easily accessible to investors and analysts, whenever they need it and wherever they may be. In this regard, it continuously updates the Company's IR webpage with the latest relevant information and has launched the Bahri IR app for Android and IOS to provide another convenient channel to connect with investors. These efforts and initiatives enable Bahri's management to communicate and engage with investors effectively and efficiently, which supports the sustainable success of the Company.



# Subsidiaries and Associates

Company Name	Headquarters	Main Activity	Capital (SAR)	Type	Ownership
National Shipping Company of Saudi Arabia (NSCSA), USA	Based in Houston, Texas, USA, with its base of operations in the USA	Shipping agency	3,750,000	Limited Liability Company	100%
Mideast Ship Management Ltd.	Based in Dubai, UAE, and operates around the world	Ship technical management	306,540	Limited Liability Company	100%
National Chemical Carriers Company	Based in Riyadh, and operates around the world	Petrochemicals transportation	610,000,000	Limited Liability Company	80%
Bahri Dry Bulk Company	Based in Riyadh, and operates around the world	Dry-bulk transportation	200,000,000	Limited Liability Company	60%
Bahri Logistics Company	Based in Riyadh, and operates around the world	Logistics services	30,000,000	A Single Owned Company	100%
Petredéc' Group Limited	Based in BVI, and operates around the world	LPG transportation	203,396	Limited Liability Company	40.08%
International Maritime Industries	Based and operates in Ras AlKhair, Kingdom of Saudi Arabia	Maritime industries	1,590,750,000	Mixed Limited Liability Company	19.9%
National Grain Company	Based in Riyadh, and operates around the world	Packing and storage of grain	135,000,000	Limited Liability Company	50%

# Overview

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**Assets**

**SAR 23 Bn.**



**EBITDA**

**SAR 3.9 Bn.**

# Chairman's Statement

## Sustainable expansion. Advancing stakeholder prosperity.

“It has been a year to remember for Bahri, delivering outstanding financial performances in tandem with outstanding operational cohesion and collective success. When we consider the challenges our industry faced in 2023, the strategy behind our growth and the execution of our expansion was remarkable.

Mr. Mohammed Abdulaziz Al Sarhan  
Chairman



We have always believed that regardless of external forces, our fate lies in our own hands, and we have consistently delivered above and beyond our clients' and customers' expectations. We have been known for many years as one of the world's leading logistics providers, and with each year that passes, our name reaches farther and wider. Our performance in 2023 ensures even broader horizons in the years to come.

### Navigating challenging markets

The year witnessed peaks and troughs in the global economy, both a cause and effect of oil price fluctuations, high inflation, elevated interest rates, and geopolitical impacts, particularly the ongoing energy consequences of Russia's invasion of Ukraine. Following the highs of 2022, the VLCC market faced a lull in earnings in the first quarter before rebounding to a peak of USD 98,000 per day, driven by rising Atlantic Basin demand, including increased US Gulf crude exports and a rebound in Chinese imports.

Prices, costs, access, and supply chains were unstable and unpredictable, however, our proven ability to direct and diversify our services provided a steady platform for us to manage market swings to emerge with record profits.

### Progressive programs and partnerships

In our constant efforts to identify new opportunities and enter into substantial strategic partnerships, Bahri Logistics signed a 3-year international freight forwarding service agreement with Saudi Arabia Railways (SAR). Bahri will serve as the primary service provider for both imports and exports for SAR, the owner and operator of networks in the Kingdom of Saudi Arabia.

In addition, as we look to establish the Company into the gas transportation sector, we have entered into a strategic collaboration with the Private Sector Partnership Reinforcement Program (Shareek). This will involve an investment of SAR 1.5 Bn., primarily in specialized vessels, between 2024 and 2030, in line with our diversification strategy and the projected global increase in the demand for gas.

### Committing to change

As a prominent advocate for change in industry's impact on the environment, Bahri continues to lead by example. We are proud to say that we have an innate sense of responsibility and a conscience which prioritizes sustainability across all of our business units and operations.

In line with Saudi Vision 2030, we continue to promote long-lasting change that is consistent with our vision and values, actively exploring ways to integrate new sustainability trends and assess risks and vulnerabilities. Our ultimate mission is to not only fulfil our own obligations, but also to encourage the maritime sector as a whole to become more environmentally aware.

Aligning ourselves with the United Nations Sustainable Development Group, Bahri continues to reduce its total energy consumption, decrease intensity of Scope 1 emissions, and decrease plastic and packaging waste. In addition, we continually seek numerous research and development collaborations related to carbon capture technologies and alternative energy sources.

### Ethics in practice

As one of the largest global providers of maritime services, it is essential that Bahri is managed according to the highest corporate governance standards, with a stringent framework of transparency, accountability, and integrity.

In communicating our guiding principles to all members of the Bahri workforce, we are able to instill a common culture across all the staff that accentuates the values that are at the heart of our organization. We believe that respect is key to both the Company and colleagues, and is the foundation for long-lasting healthy and mutually beneficial relationships.

With regards to mitigating risk, we work with our business partners and field specialists to assess potential risks and opportunities, for both Bahri and

our stakeholders, constantly reviewing and managing a wide range of operational and environmental factors across the Company on a daily basis.

### Rewarding our shareholders

Reflecting on our growth and success this year, the Board of Directors has approved a resolution to distribute cash dividends to shareholders at SAR 0.5 per share, equivalent to 5% of the par value per share.

Additionally, the Board recommended to the General Assembly of the Company an increase in capital to SAR 7,382,812,500, with the proposal of issuing 1 bonus share for every 2 shares. This strategic decision aims to fortify the Company's capital foundation, aligning with anticipated growth and expansion opportunities. The envisioned capital enhancement is intended to facilitate long-term value creation by enabling strategic investments in emerging opportunities.

### Forging ahead

As we look to the future, in 2024 we will continue to seek additional strategic partnerships in line with operational and diversification goals, expanding both our geographical footprint and our client base. As an innovative organization with a strong digital presence within the industry, we will explore the ever-evolving options for greater efficiency, enabling us to reduce costs, optimize supplies, and contribute even more to our sustainability goals.

As always, Saudi Vision 2030 will be our guiding light in all operations as we maintain our status as the leading logistics provider for the Kingdom of Saudi Arabia and a significant contributor to the economy, including our role as exclusive maritime shipping provider for Saudi Aramco to the USA, Europe, and the Far East.

### Acknowledgements

In closing, I would like to thank our shareholders for their continued trust and to the Government of Saudi Arabia for its support in our industry and the broader economy. While there were certainly challenging market forces during 2023, we have exceeded our clients' expectations and delivered on our strategies. Once again, Bahri's performance in 2023 has been remarkable, both operationally and financially, providing us with the perfect platform for 2024.

# Theme of the Year

## Sustainable Expansion. Advancing Stakeholder Prosperity.

In 2023, Bahri soared to new heights with stellar financial results and exceptional operational achievements. We successfully navigated industry challenges with strategic finesse, diversifying our activities and staying ahead of market shifts and regulatory changes.

Throughout the year, our focus on diversifying business activities aligned with evolving customer needs and regulatory changes, notably revitalizing our Chemicals sector. This approach contributed to reducing our carbon footprint and improving financial health. Emphasizing the well-being of our crew and capturing vital food supply chains, we reinforced our commitment to Saudi Arabia's sustainability and economic development. Our growth in the Aerospace and Perishable Verticals, alongside advancements in eco-friendly operations and contract logistics solutions, underscored our dedication to a sustainable and responsible expansion.

Our dedication to accelerating the creation of shared value for our stakeholders led to advances in our fleet renewal and growth strategies, thereby contributing to the development of the Kingdom's maritime ecosystem under the Saudi Inc. initiative. As leaders in environmental stewardship, we prioritize sustainable practices across all our operations, reflecting our deep commitment to ecological responsibility. This commitment to sustainable operations extends to our workforce through our Employment Value Proposition, which aims to attract, retain, and develop top industry talent. We have also taken significant strides in solidifying trade relations with key Saudi stakeholders, focusing on expanding our cargo operations to bolster supply chain security and drive economic growth in the Kingdom.

Overall, 2023 has been a landmark year for Bahri, marking our commitment to sustainable, innovative, and responsible growth in the maritime industry.

# CEO's Message

## Driving sustainable growth.

**Bahri delivered outstanding financial and strategic achievements in 2023, including record revenues, expansion into new territories, and growth of our fleet. These milestones were all the more impressive considering the significant logistics and shipping industry challenges, driven largely by a reduction in global shipping rates and an increase in interest rates.**

Eng. Ahmed Ali Al Subaey  
Chief Executive Officer

We entered into mutually-beneficial strategic partnerships, forged important new relationships, and signed significant long-term contracts, which support our strategic progress while remaining well-aligned with our ambition to meaningfully contribute to the ambitions of the Kingdom of Saudi Arabia and the goals of Vision 2030.

We exceeded our net income of SAR 1 Bn. for the second year in a row, a reflection of our operational successes and our growth and diversification strategies. Our Oil, Chemical, Logistics, and Dry Bulk shipping, as well as Bahri Marine and Bahri Ship Management added outstanding value both individually and collectively. With an annual revenue of SAR 8,778 Mn. and net income of SAR 1,613 Mn., 2023 delivered not only impressive returns but also a broader customer base with new verticals, a larger fleet, and additional business segments.

### Expansion and Exploration

Despite the economic headwinds, our business segments were both reactive and proactive in their attitudes and actions. The Company-wide expertise needed to assess global change and anticipate market volatility has proved, year after year, that Bahri is an evolving, intelligent business with flexibility and adaptability focused on sustainable expansion.

As part of that evolution, Bahri embarked on its key long-term strategic objectives of fleet renewal and growth targets, by building at International Maritime Industries, supporting the development of the Kingdom of Saudi Arabia's maritime ecosystem.

With innovation at its core, Bahri Logistics echoes our progressive practices and in 2023 reinforced its status as one of the most inspirational logistics experts in the greater Middle East. As the Company's most established business unit and a global top 10 breakbulk carrier, Bahri Logistics focused on its diversification strategy, strengthening new verticals in aerospace, perishables, and oil and gas.

Similarly, as part of that ingrained expansion strategy, the teams at Bahri Dry Bulk consistently identified strategically advantageous markets and subsequently entered into its first Contract of Affreightment with SABIC, to carry 400,000 mt of dry bulk freight from the Kingdom of Saudi Arabia to New Orleans, USA.

As we look ahead to enlarging the fleet even further, Bahri Oil continued discussions with the International Maritime Industries, the largest shipyard in the Middle East, to establish a timeline for new builds, with the potential of fresh contracts for several additional cargo shipments for Saudi Aramco in 2024 and beyond.

### Our Greatest Resource

We have more than 3,000 colleagues at Bahri who drive the Company engine in every aspect of its operations at all levels. As a professional family with a common belief in our ongoing industry leadership and our aspirations for growth, they are committed to our collective vision. Their diligence and work ethic are pivotal to our business and, as our primary asset, their welfare and safety is our primary concern.

In 2023, Bahri's organizational structure, business model, and strategic direction underwent changes as part of its HR transformation journey to achieve several HR Strategic Pillars, including improving performance culture, enhancing employee experience, and becoming an employer of choice in the industry.

We have created a working environment which appreciates the unwavering efforts of our colleagues and treats them with equality, dignity, and respect. We provide the resources and the opportunities to advance their personal development and support them in realizing their own ambitions. Working in a single community with mutual respect and a shared passion for success have culminated, once again, in our collective results being outstanding.

### Eco-Friendly Ethos

Our commitment to sustainability is uppermost in our contribution to Saudi Vision 2030. Not only do we play a major role in the Kingdom of Saudi Arabia's logistical capacity but also in our efforts as a guardian of the environment.

We continue to operate towards a carbon-neutral future, investing heavily in eco-ships and in 2023, as part of our growth plans to enter the geared-vessel segment, Bahri Dry Bulk acquired 2 environmentally-friendly Ultramax bulk carriers.

Furthermore, aligning itself further to the Company's environmental pledge, Bahri Chemical, which achieved record revenues of SAR 2,732 Mn. and a net income of SAR 798 Mn. in 2023, added 3 green vessels with DF capability to its fleet.

In our commitment towards a circular economy, Bahri Oil's capital recycling program garnered pace during 2023 as 5 ships, 2 VLCCs and 3 MR tankers, were divested, realizing best value for the Company.

In addition, Bahri achieved its key objectives of modernizing the fleet, by replacing 2 older vessels with modern eco-friendly tonnage and enhanced market competitiveness, almost tripling scrubber fitted ships.

### Driving Digital Solutions

Technology and innovation continue to dominate the efficiency and effectiveness of all logistics organizations, in terms of both internal and external processes and practices. As a leader in its acquisition and implementation, we continually optimize the value of digital transformation in every area of our operations.

Bahri Chemical's newly constructed platforms for intelligence gathering, agile decision-making, and enhanced reporting have proved invaluable, as has Bahri Logistics' technology, whose Transport Management System and Warehouse Management System have proved both time-efficient and cost-effective.

Maximizing its use of innovation, Bahri Dry Bulk has digitized most of the business unit's key metrics, covering commercial, operational, and financial KPIs, as well as a supply and demand forecasting tool.

### Looking Forward

As we look to the future, Bahri will forge ahead with its sustainable expansion strategies, including the launch of its new office in Singapore and strengthening our presence in the USA.

In addition, next year is a critical time for our floating desalination project. The 3 plants are expected to reach their commercial operation date by mid-2024 as we enter the world's largest desalination market.

Bahri has just completed a year characterized by prosperous leadership and success and I would like to express my gratitude to my fellow members of the Executive management team and all of our employees for their ongoing support and commitment in making Bahri a world-class shipping and logistics company.

I also wish to extend my thanks to the Board of Directors for their wisdom and guidance during an outstanding year of growth for the Company. Finally, I extend my sincere appreciation to our customers, who have played a pivotal role in the continuation of our operations and the further development of Bahri at all levels.

# CFO's Review

## Financial Results in Summary

Bahri achieved unprecedented success during 2023 and ended the year with a strong bottom line at 55% growth in net profits compared to the prior year. Despite global economic and political challenges, Bahri managed to strategize its long-term objectives by being proactive with regards to market uncertainties. Strong tailwinds in TCE rates throughout the year coupled with effective fleet deployment resulted in a positive year for the Company. Further, timely induction of 10 eco-friendly Chemical Tankers (IMO2 MRs) in the previous year allowed Bahri to capture the increase in global demand for energy efficient tankers. In addition, Bahri focused on the reduction of costs posed due to ageing fleet and uplifted the cash base by efficiently disposing of old fleet, resulting in a notable gain. During the year, Bahri divested 2 VLCCs, 3 MR Tankers and 4 Chemical Tankers with a gain of SAR 225 million. The Company also acquired 2 eco-friendly Ultramax bulk carriers.

## Bahri Group's Financial Performance

Bahri Group recorded a year-end net profit of SAR 1,613 million in 2023 as compared to SAR 1,041 million in 2022. Bahri Oil recorded a profit before Zakat and tax of SAR 932 million, compared to SAR 772 million in 2022. The fluctuation in results was mainly due to an increase in the TCE rate, which jumped from an average of USD 35.3 thousand per day in 2022 to an average of USD 44.6 thousand per day in 2023.

Bahri Chemicals closed the year with a high profit before Zakat and tax of SAR 818 million compared to SAR 385 million in 2022, mainly due to the improvement of the TCE rate and the increase in the number of fleets. The average TCE rate increased significantly to USD 31.9 thousand per day in 2023 compared to USD 25.3 thousand per day in 2022. Further, gain on disposal of 4 Chemical Tankers, and the reimbursement of certain claims from the insurance company and supplier with respect to tanker coating resulted in an increase in profit for Bahri Chemicals.

The logistics segment yielded a net profit before Zakat and tax amounting to SAR 46 million in 2023, which is in line with the profits of 2022 amounting SAR 48 million.

Bahri Dry Bulk recorded a significant decrease in profit before Zakat and tax of SAR 59.2 million compared to SAR 122 million in 2022. The TCE rate decreased significantly to an average of USD 16.2 thousand per day in 2023 compared to USD 25.7 thousand per day in 2022.

In 2023, the share of results from equity-accounted investees was SAR 266 million in income (compared to SAR 60 million in 2022). These were a result of income from Petredec Group with SAR 406 million, which was offset by a loss of SAR 132 million from IMI and a loss of SAR 7.6 million from National Grain Company.

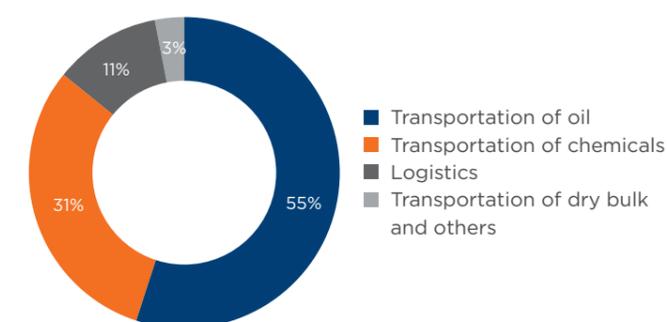


## Operating Results:

(SAR '000)	2023	2022	Change amount	% Change
Revenue	8,777,500	8,582,580	194,920	2%
Operating costs after bunker subsidy	(6,704,374)	(7,111,447)	407,073	-6%
Gross profit	2,073,126	1,471,133	601,993	41%
Other income, net	340,323	186,874	153,449	82%
General and administration expenses and others	(243,739)	(174,860)	(66,315)	38%
Operating profit	2,169,710	1,483,147	686,563	46%

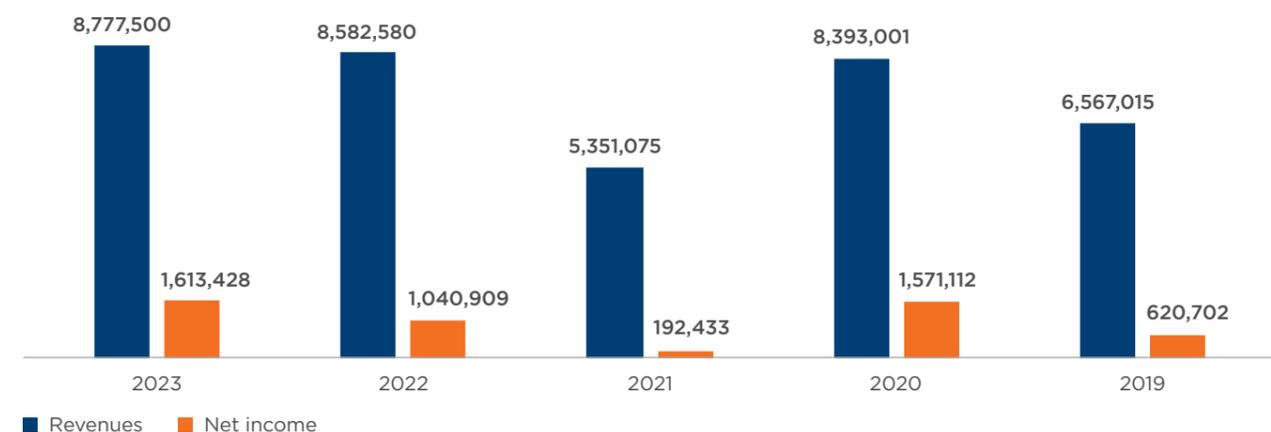
## Impact of the Main Activities on the Company's Business Volume and its Contribution to its Results:

Activities	Activity's revenues (SAR '000)	Percentage %
Transportation of oil	4,795,823	55%
Transportation of chemicals	2,723,197	31%
Logistics	963,304	11%
Transportation of dry bulk and others	295,176	3%
<b>Total</b>	<b>8,777,500</b>	<b>100%</b>



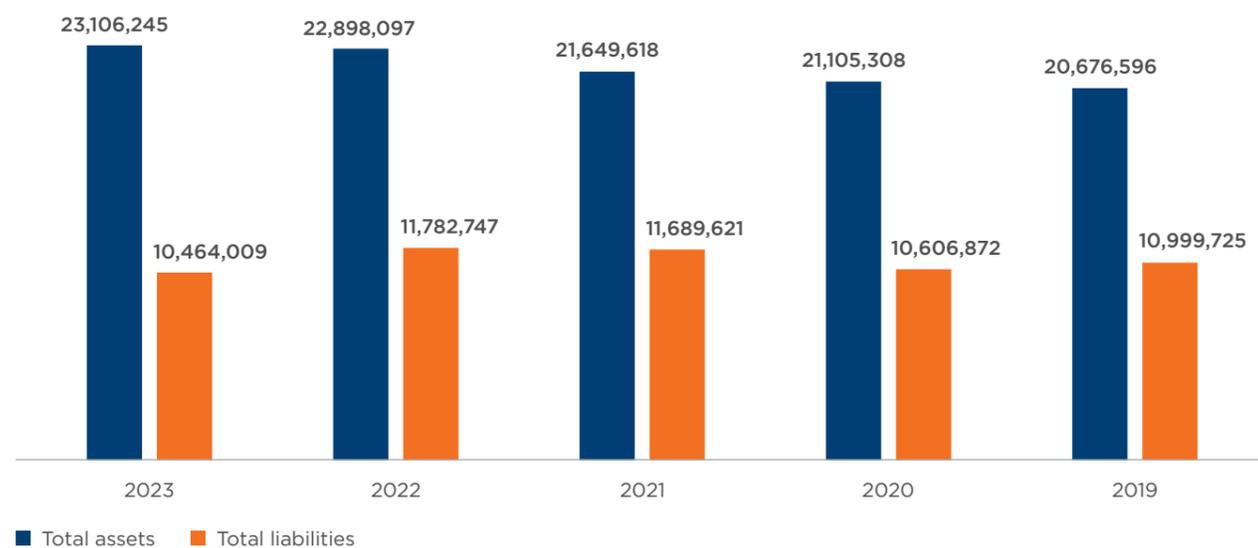
## Business Results:

(SAR '000)	2023	2022	2021	2020	2019
Revenues	8,777,500	8,582,580	5,351,075	8,393,001	6,567,015
Operating costs after bunker subsidy	(6,704,374)	(7,111,447)	(4,794,580)	(6,271,131)	(5,140,018)
Gross profit	2,073,126	1,471,133	556,495	2,121,870	1,426,997
Net income	1,613,428	1,040,909	192,433	1,571,112	620,702



## Assets and Liabilities:

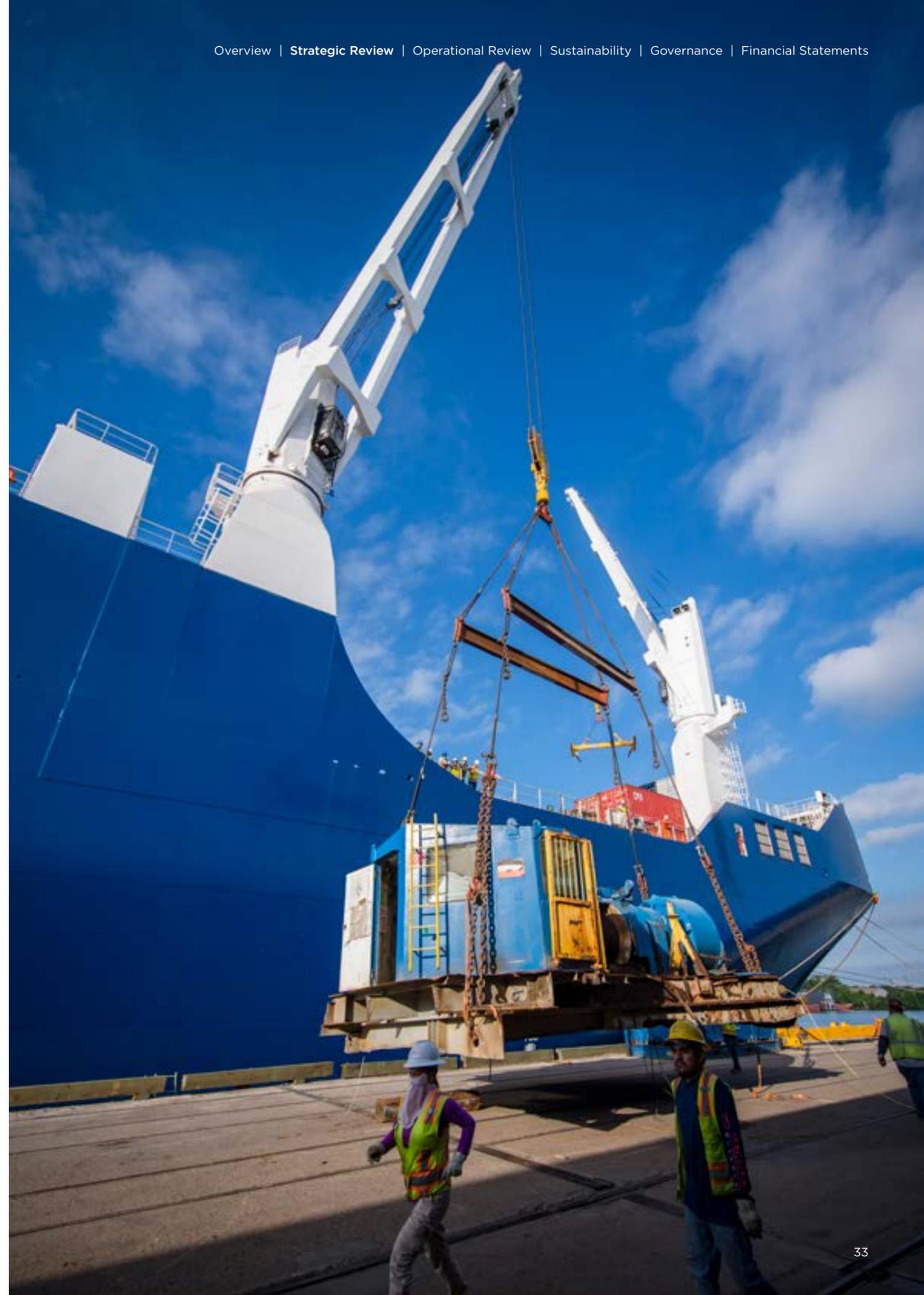
(SAR '000)	2023	2022	2021	2020	2019
Current assets	5,296,858	5,568,533	3,891,740	3,907,212	3,737,763
Non-current assets	17,809,387	17,329,564	17,757,878	17,198,096	16,938,833
<b>Total assets</b>	<b>23,106,245</b>	<b>22,898,097</b>	<b>21,649,618</b>	<b>21,105,308</b>	<b>20,676,596</b>
Current liabilities	2,800,512	2,819,694	6,664,581	2,371,931	2,456,153
Non-current liabilities	7,663,497	8,963,053	5,025,040	8,234,941	8,543,572
<b>Total liabilities</b>	<b>10,464,009</b>	<b>11,782,747</b>	<b>11,689,621</b>	<b>10,606,872</b>	<b>10,999,725</b>



## Loans: (SAR '000)

Company	Lender	Original loan amount	Loan duration	Payments during the year	Loans' remaining balance	Total indebtedness of the company and its subsidiaries
	Public Offering	3,900,000	7	-	3,900,000	
Bahri	International Banks, Local Banks & Public Investment Fund	7,067,100	10	1,802,512	2,008,505	
	International Banks & Local Banks	1,012.50*	-	-	-	
						7,702,362
Bahri Chemical	International Banks, Local Banks & Public Investment Fund	2,589,102	10	884,781	1,186,950	
	Local Banks	650,000*	-	-	-	
Bahri Dry Bulk	Local Banks	960,300	10	67,720	606,907	
	Local Banks	30,000*	-	-	-	

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



# Business Model

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



## Inputs

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



## How We Create Value

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



## Outputs

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



# Strategy and Vision 2030



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



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



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



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



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

**Bahri has made meaningful strides towards realizing long-term strategic goals during the course of 2023. Growth and diversity are key pillars that drive the business and its operations, and the Company has made remarkable progress in the past year towards driving significant change to both a number of processes and its approach to the revenue base. By prioritizing our core business segments, such as Bahri Oil, Bahri Chemicals, and Bahri Logistics, we were able to further strengthen our relationships with key partners, including Saudi Aramco and SABIC, which helped support the stability of operations in the Middle East.**

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

As part of Saudi Vision 2030, the National Industrial Development and Logistics Program (NIDLP) continues to update and publish logistics enhancement projects for the Kingdom of Saudi Arabia, which Bahri has capitalized on and will continue to monetize for the period.

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

Looking to the future, we are proud to have commenced our journey towards digitalization, working in collaboration with selected partners to achieve the desired transformation. 2023 has seen a shift in market dynamics that have the potential to remain for some time, so we are taking the initiative to expand our fleets under management and create innovative new ways of securing more business and optimizing our operations. By enhancing our technology and IT infrastructure, we are equipping our workforce with the tools and capabilities to provide new services and new opportunities for engagement with entities across the region and, as we grow, into global markets. Due to the efforts of the past year, to improve our business model both structurally and institutionally, we are excited to be looking to enter into adjacent markets to create additional revenue streams.

# Key Performance Indicators

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

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

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

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

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



## Financial



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

## Customer



- Quality process
- Customer surveys for services and units

## People and Environment



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

## Processes



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

# Investment Case

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



## Market Leader in Logistics Excellence

- We are one of the largest owners and operators of VLCCs in the world and the largest owner and operator of chemical tankers in the Middle East with a fleet of 88 multi-purpose vessels, including VLCCs, chemical and product tankers, general cargo vessels, and dry bulk carriers
- Bahri won the prestigious Shipping Company of the Year Award at The Maritime Standard (TMS) Awards in November 2023



## Fully Aligned with Saudi Vision 2030 and NIDLP Goal

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



## An ESG Leader for Our Sector

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



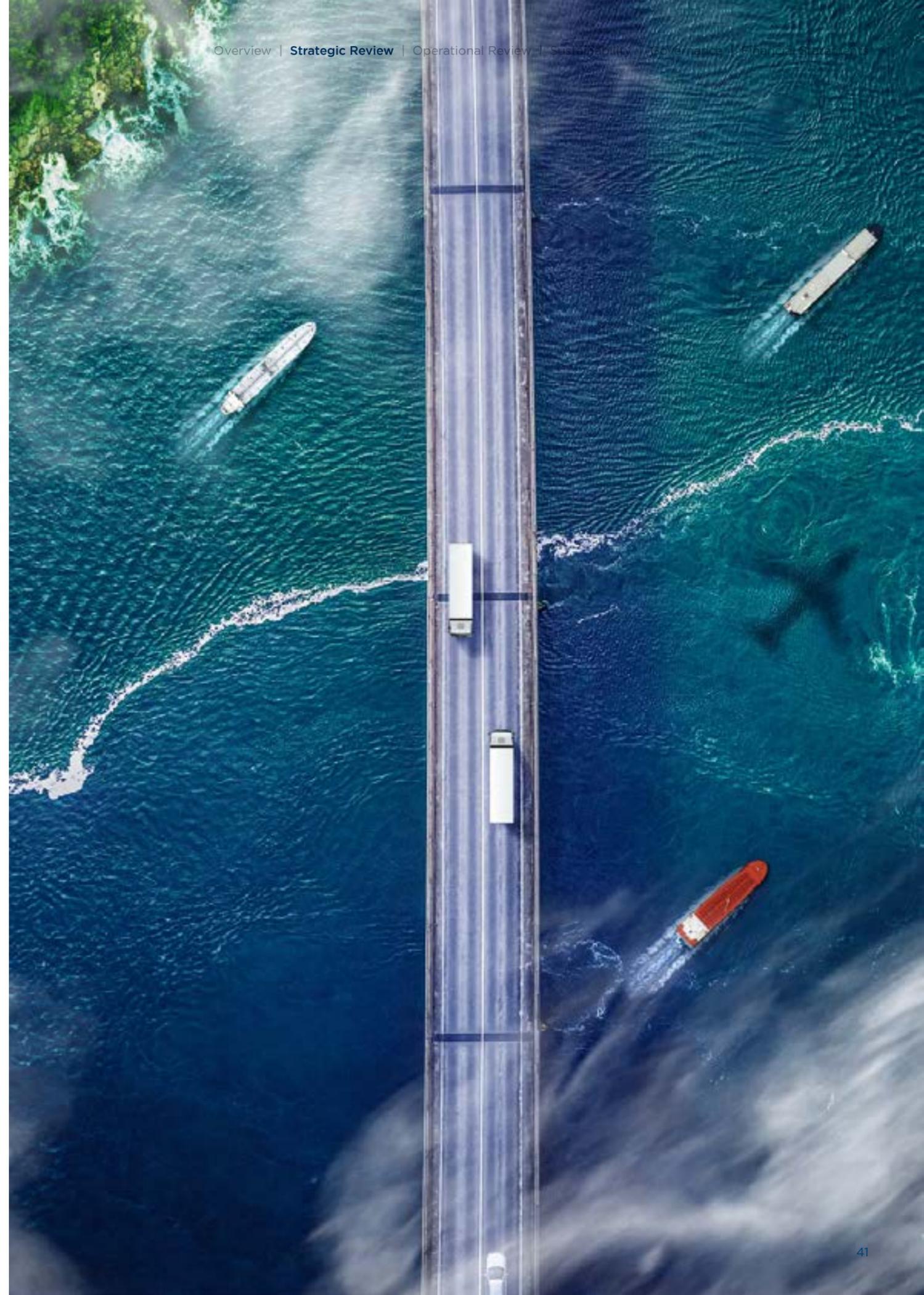
## Outstanding Performance and Long-Term Growth

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



## Investing in Human Capital and Focusing in Digitization

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



# Success Story

## Exploring New Horizons: Bahri Logistics for Aviation Sector

The commercial aviation Maintenance, Repair and Overhaul (MRO) segment has various stakeholders, each with its own set of strategies, opportunities, and challenges. One of the overarching concerns is that there are no specialized logistics providers who are aligned with each stakeholder's aspiration and have in-depth understanding of their needs and challenges. This hinders efforts for coordination, efficiency, and resilience in the commercial aviation supply chain, while providing a significant opportunity for Bahri to expand in this market by leveraging its unique capabilities and expertise.



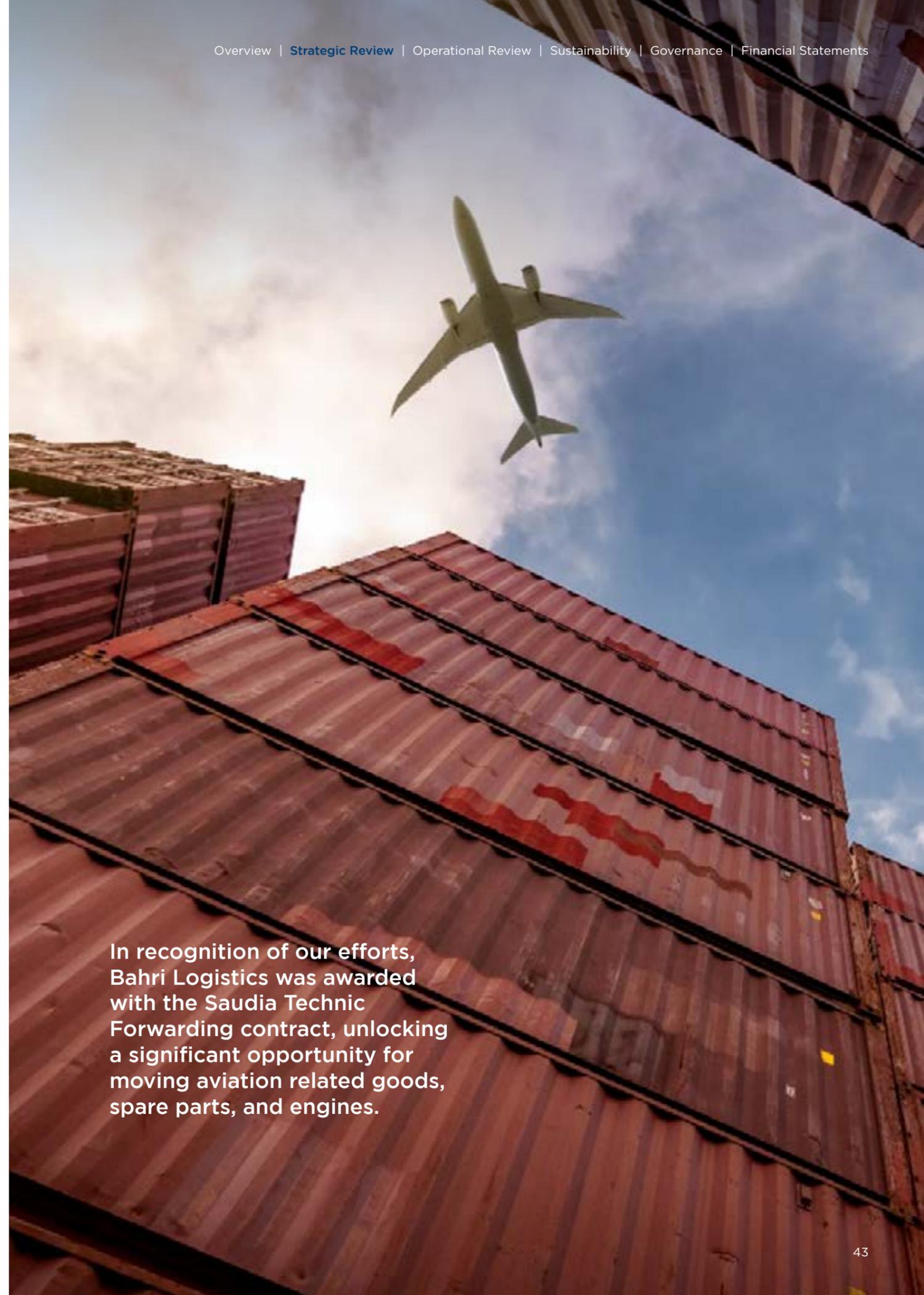
### Sky High Ambitions and Achievements

In 2023, Bahri Logistics and Saudia Technic joined forces to host an impactful workshop about Saudi Aviation Supply Chain Resilience, bringing together industry leaders to discuss strategies, innovations, and opportunities for collaboration in the industry. By hosting such an event, we positioned Bahri Logistics as a trusted partner to all stakeholders involved and emphasized the efforts made to contribute to the success of the aerospace segment needs in the Kingdom of Saudi Arabia.

In recognition of our efforts, Bahri Logistics was awarded with the Saudia Technic Forwarding contract, unlocking a significant opportunity for moving aviation related goods, spare parts, and engines.

### A Strategic Growth Partner for the Aviation Industry

This new agreement positions Bahri Logistics as a strategic partner to various airlines in the transportation of goods. This enables us to expand our air freight operations and to be more competitive with our rates for our customers and partners. At the beginning of 2023, we were capturing an estimated 1% of the Aerospace segment market share. After being awarded the Saudia Technic forwarding contract, we are now on a steady trajectory to capture more than 15% market share of this rapidly expanding segment by 2030.



In recognition of our efforts, Bahri Logistics was awarded with the Saudia Technic Forwarding contract, unlocking a significant opportunity for moving aviation related goods, spare parts, and engines.

# Success Story

## Maintaining and Expanding Fleet Capacity in a Challenging Geopolitical Environment

### The Challenge

2023 was marked by market volatility and an increasingly challenging geopolitical environment, exacerbated by the Russia-Ukraine crisis, Israeli military operations in Gaza, and the relating turmoil and attacks in Bab El Mandeb.

Chemical freight rates have softened overall during the year as the dark fleet impact on overall trade began to shift towards a new post-COVID norm. The global economy staggered, with some OECD countries sinking near to and are still on the cusp of recessionary levels.

This market volatility provided several opportunities for Bahri which we were able to embrace and therefore outperform expectations. The geopolitical developments in the Middle East and attacks around Bab el Mandeb revived many spot markets, in particular for CPP demand in and through the Red Sea region. This drove freight rates higher towards the end of the year, as many decided to avoid the Red Sea routing in favor of the Cape of Good Hope, leading to a significant increase in ton-miles.



### Chemical Freight Indices Historical Evolution

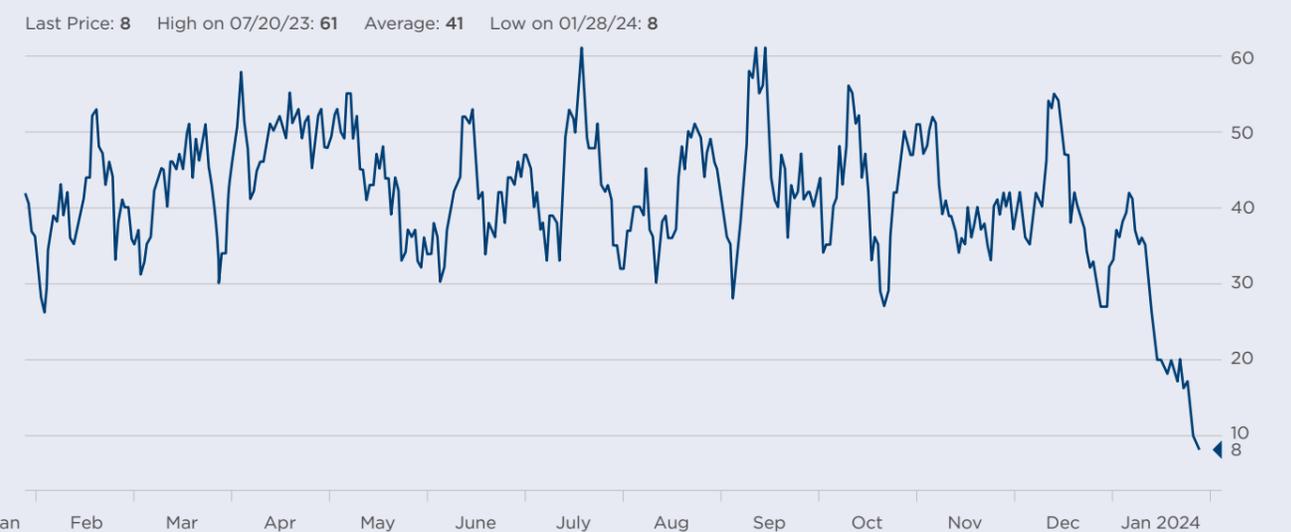
Note: Base year 2019.



Source: Eastport Maritime (06 Feb 2024)

### Suez Canal Transits by Chemical and Product Tankers

Suez Canal South/North 7D rolling transits by chemical and product tankers drop to 8 from over 50 in December



Source: Eastport Maritime (30 Jan 2024)

**What Bahri did**

Despite a challenging landscape, our 2022-2023 newbuilding fleet of 10 IMO2 MR new generation delivered outstanding results, while our aging “legacy” fleet vessels built from 2009-onward continue to keep pace with our competitors. Within a strong asset pricing environment, Bahri continued to implement the divestment of our old assets in order to enhance cash flow, decrease depreciation, finance expenses, and improve our balance sheet.

In order to replace the divested tonnage, Bahri Chemicals considered further newbuilding purchases, however prices were at an all-time high for a variety of reasons. Therefore, we opted to increase our TC-in fleet for a short period of time, effectively balancing the risk exposure to volatility in TCE rates.

The Bahri Chemicals team enhanced relationships and partnerships and negotiated with other owners to access tonnage at competitive rates with a distributed TC-in for a period of between 1 and 5 years. Additional tonnage with TC-in is perfectly aligned with the strategy and long-term fleet evolution to increase fleet size to support Saudi Inc with a balanced approach of newbuild vessels and TC-in vessels.

In addition, with the TC of 2 Proman vessels fueled by methanol, the Company ushered in a new era of operating new engine technology to abide by long-term IMO environmental regulations of decarbonization. During 2023, Bahri Chemicals renewed its TC-in commitment with 2 vessels from FPMC, who continue to be a longstanding trade-partner.

During the year, Bahri Chemicals avoided any involvement with Russian-derived products to eliminate the risk of sanctions, re-directing our capacity towards KSA-generated business. Our total Kingdom of Saudi Arabia loaded cargo of 7.88 million metric tons represented 45% of our total global cargo transported.

We were able also to expand our global commercial footprint by engaging more closely with western spot markets to facilitate triangulation. This is in addition to capitalizing on 2 new COAs from the USA and the Caribbean, along with capturing increasing volumes in and out of Brazil, and securing regular vegetable oil trade from Argentina through a burgeoning strategic partnership with ADM. Both tools are in Bahri’s arsenal to triangulate and hold ships in local markets when the earnings suit.

We also continued to explore opportunities to expand the current fleet and grow into new segments, notably CPP. With sector diversification and strategic expansion into the CPP markets to support Aramco and the Saudi Inc. initiative, as well as capture the anticipated freight boom for the next 2-3 years, Bahri Chemicals concluded the TC-in agreement for 3 LR2s.

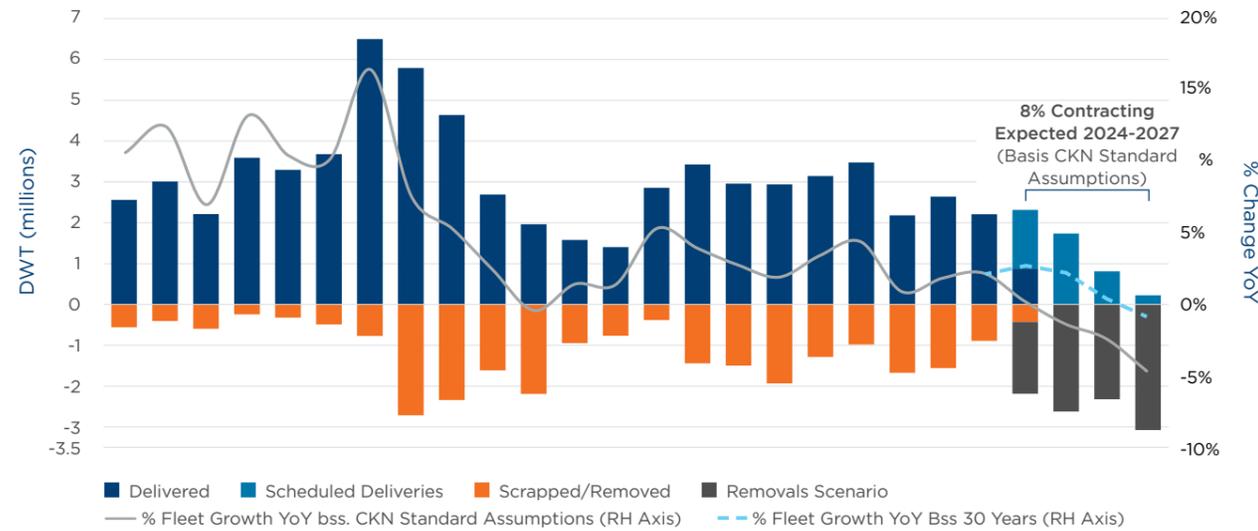
**The Outcome**

Overall, Bahri Chemicals’ clients benefited from the additional tonnage to support their requirements for transport, while owners and partners benefited by having their vessels employed in optimal markets.

Bahri Chemicals’ quick adaptation to market challenges benefited the Company and shareholders by:

- Increasing tonnage resulting in increased revenue and net income contribution without the depreciation expenses associated with owning additional vessels, exceeding the budget by 97%
- Better earnings as a direct result of improved flexibility across all markets
- Minimizing risk exposure to sanctions and increased expenses while simultaneously sustaining or improving overall TCE
- Expanding and developing new and existing relationships throughout the markets
- Ensuring Saudi volume capture whilst exploring further opportunities to expand
- Improving global triangulation of the fleet
- Enhancing exposure and experience within the TC and SnP commercial markets

**Chemical Tanker Fleet Development and Outlook**

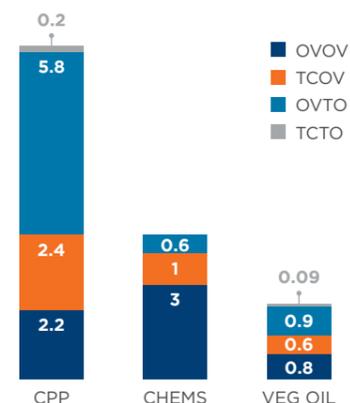


**2023 Total Cargo and KSA Share**

Loaded Quantity (MT)

**17.65 Mn.**

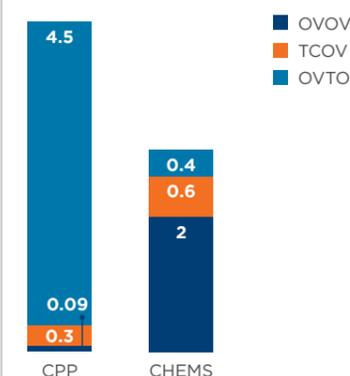
Loaded Quantity by Cargo Type



Loaded Quantity in KSA Ports (MT)

**7.88 Mn.**

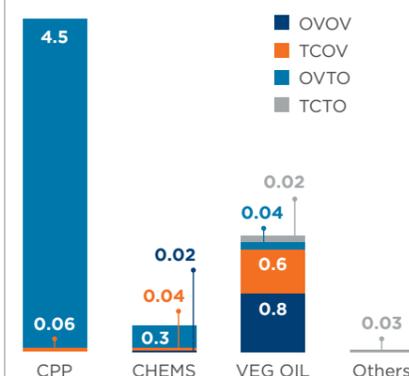
Loaded Quantity in KSA Ports by Cargo Type



Discharged Quantity in KSA Ports (MT)

**5.06 Mn.**

Discharged Quantity in KSA Ports by Cargo Type



Source: IMOS/Power BI dashboard

Our total Kingdom of Saudi Arabia loaded cargo of **7.88 million** metric tons represented **45% of our total global cargo transported.**

# Risk Management and Monitoring Policy

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

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

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

As with organizations worldwide, Bahri's risk management system continued to be tested during 2023. Bahri revised existing risks and created new risks, while the executive management increased the intensity of its risk governance to ensure risk mitigations were actively identified and implemented. The maritime shipping sector, however, is not void of risks. These are mainly operational risks, such as threats posed by terrorist attacks, war and piracy, marine accidents, cargo damage, and personnel injuries. Bahri assigns a high degree of importance to preventing and minimizing these risks. The Company does this by utilizing proper risk management systems, issuing certificates, classifying equipment and procedures, and providing safety training that contributes to safeguarding workers and cargo. Bahri also prioritizes quality assurance and ensures the efficient use of available resources.

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

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

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

## Risk Mitigation in 2023

It continued to be important for Bahri to proactively identify and address opportunities. We continued to mitigate some of the downside risk.

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

Since Bahri introduced its annual risk report which has since grown into an important reporting initiative for the Company, it has become more extensive and comprehensive in 2020. Our annual risk report has instilled confidence across all parts of our business, demonstrating that Bahri has identified, managed, and prioritized our areas of risk. Through this initiative, we have strengthened our corporate governance procedures and have since implemented a group wide risk register, risk processes, reporting and training. As such, Bahri's risk management reached an improved level of maturity in 2023.

## Maturing our Business Continuity Capability

We have also harnessed the lessons learned from our response to the COVID-19 crisis, by developing an enterprise-wide Business Continuity Management System (BCMS). This BCMS covers all of Bahri's GCC locations, and during 2023 we:

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

## Areas of Exposure

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

## The Year Ahead

Bahri is aware that the Company is exposed to further risk, such as unexpected political and security issues, or economic volatility in certain regions. Bahri continues to remain diligent in positioning itself to be able to capture opportunities as they arise. At the same time, we will ensure that we maintain a robust risk framework to mitigate the impact of downside risks. As the outlook for 2024 remains uncertain, Bahri continues to evaluate its risk framework and positions the Company to identify and seize market opportunities, as well as manage potential risks.

# Corporate Communications

Beyond this fundamental role, the CCD is entrusted with the vital task of nurturing our corporate image, bolstering our reputation, and solidifying our position as a maritime industry leader. Furthermore, it emphasizes our distinctive national role and the value we contribute to stakeholders on local, regional, and global scales. To realize these objectives, the CCD is unwavering in its commitment to achieving communication excellence through local talent.

Transparency is integral to our stakeholder communications, underscoring our commitment to delivering precise and up-to-date information through our official website and social media channels. We remain steadfast in our efforts to make a positive impact on the world, aligning with our unwavering dedication to environmental and community well-being. At Bahri, we refuse to take the path of least resistance when it comes to conveying matters of significance.

## Internal and External Communications Initiatives

In 2023, the CCD's dedication to delivering top-tier communication services to our business units and support functions included the coordination of a wide spectrum of internal and external events. From the thorough planning of the Board of Directors meetings to high-level conferences and welcoming esteemed guests, the CCD team continued to be the cornerstone of support across all communication fronts.

Throughout the year, the CCD sharpened our communication strategy, offering significant support to our business units, as they made their mark on the global stage. Notable highlights included the CCD's involvement in prestigious international events, such as the Transport Logistics Fair in Munich, Germany, and the Bahri Aerospace Gathering in Dubai, UAE. The Department also lent its expertise to seamlessly manage Bahri's annual events.

On the internal front, the CCD's focus was on enhancing employee engagement. It spearheaded surveys and campaigns to foster a sense of belonging among our workforce. It disseminated over 140 internal announcements touching on Company activities, achievements, awareness initiatives, and social gatherings, providing our employees with vital updates. Furthermore, it organized more than 20 internal campaigns to commemorate significant occasions.

The CCD also played a pivotal role in publishing Bahri's 2022 Sustainability Report. Its dedication extended to the continuous refinement of content on the Company's website, intranet, and social media platforms. Beyond these essential tasks, it also launched numerous campaigns and activities aimed at enriching the workplace experience for our team members, ensuring their professional growth and well-being.

## Social Media Campaigns

An effective social media strategy supported Bahri in successfully engaging with various stakeholder groups and the general public. The CCD simultaneously launched multiple X and LinkedIn campaigns to share key Company activities, commemorate important moments, and create awareness on a wide range of topics. Our social media accounts witnessed a large boost in followers and engagement in 2023, with our LinkedIn page in particular seeing a remarkable 30% rise in followers.

## Media Relations

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

The Corporate Communications Department (CCD) serves as the cornerstone in Bahri's strategic communications efforts, ensuring that our clients, shareholders, employees, and crews receive accurate and transparent information via internal and external channels.

## Operational Review

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# 3

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**Bahri plays a key role as the exclusive maritime shipping provider for Saudi Aramco to the USA, Europe, and the Far East.**

# Market Overview and Predictions

## Oil Sector

In 2023, the VLCC market experienced an initial softening after the highs of late 2022, with earnings falling to around USD 16,000 per day in January. This dip was due to the dissipation of support from the late 2022's surge in Russian oil lifting and further OPEC+ production cuts. However, by late March, a resurgence in earnings driven by rising Atlantic Basin demand, including increased USA Gulf crude exports and a rebound in Chinese imports, led VLCC earnings to peak at USD 98,000 per day.

Nonetheless, the market saw a downturn in May. This was influenced by a decrease in USA exports, as USA refinery throughputs ramped up. Despite these fluctuations, the market remained resilient in Q2, especially with Chinese imports reaching a record 11.8 million barrels per day. This was spurred by higher refinery runs and stockpiling due to lower oil prices. However, cargo volumes were impacted by OPEC+ supply cuts and additional voluntary reductions by major producing members, leading to a significant drop in rates by summer. Q3 saw brief spikes in earnings, but these were offset by reduced Arabian Gulf (AG) cargo volumes and the increased availability of vessels. By the end of September, regional VLCC rate (AG/WAF/USG) differences narrowed, with a notable increase in AG rates and a resurgence in rates above USD 20,000 per day for key routes. Market recovery began gaining momentum into Q4 on seasonality factors, leading to increased demand and consequently higher AG/Atlantic loadings.

Supply-wise, despite tanker ordering reaching an 8-year high in 2023, the focus was on smaller tonnage, and the number of VLCCs on the orderbook remains limited. 22 VLCCs have been delivered with only 3 planned for next year. Meanwhile, the VLCC fleet continues to age, with a significant number of vessels built in the early 2000s. These older ships are finding fewer opportunities in the mainstream market, particularly as South Asian charterers, typically key customers for such tonnage, now prefer Russian crude carried by smaller tankers.

### Outlook

The 2024 market outlook suggests that while the global economy is expected to see a moderate growth rate of 2.8%, the VLCC market may see a more positive trajectory. Inflation rates are expected to fall, potentially easing Central Bank policies, and fostering a more stable financial environment.

A decline in inflation, along with the moderate softening of the USA labor market, improve the probability of a soft landing for the economy rather than a recession. Meanwhile, China continues to employ an accommodative policy to bolster its economy and has also lifted mobility restrictions. This is likely to boost domestic travel and crude oil demand.

The tanker market fundamentals are closely tied to crude oil demand, which is expected to significantly surpass pre-COVID-19 levels in 2024, with an average demand of approximately 103.4 million barrels per day (b/d). Demand is mainly driven by non-OECD Asian countries, with forecasts indicating growth of around 1 million b/d. However, there is uncertainty in China, where economic growth has slowed, prompting the government to respond with fiscal and monetary stimulus measures. There is potential for growth in crude trade from the Atlantic Basin to Asia, particularly as the USA's crude production is expected to rise, increasing VLCC tonne-mile demand.

The VLCC market's performance will largely depend on OPEC+ strategies and Middle East crude exports. Expected increases in world oil demand could encourage OPEC+ to boost production, supporting VLCC demand. The fleet's average age is now at a 20-year high, with a historic low order book-to-fleet ratio, indicating limited new vessel supply. This aging fleet and the scarcity of new deliveries, compounded by uncertainties over future fuel regulations, suggest tightening tonnage supply. With only 3 VLCCs scheduled for delivery in 2024, and potential for older vessels to leave the mainstream market for sanctioned trades, the supply side fundamentals appear increasingly optimistic.

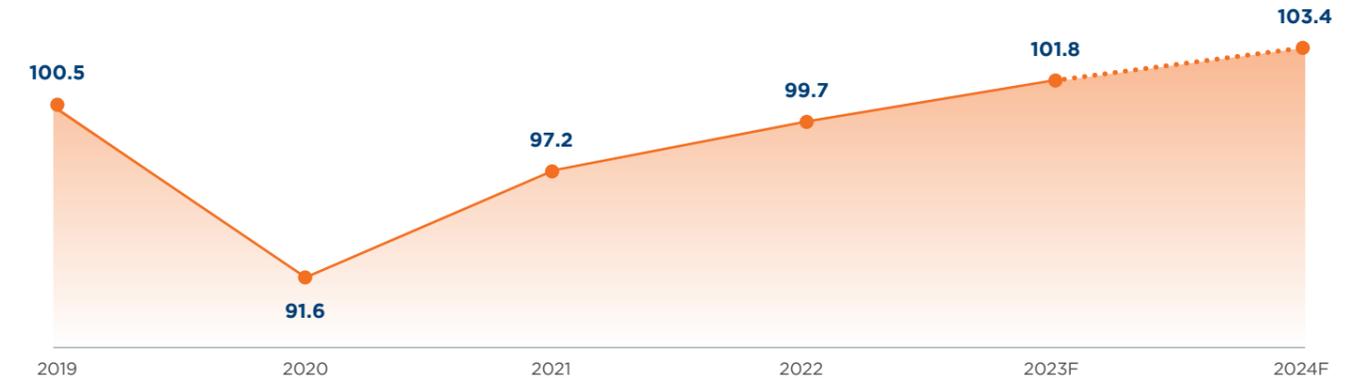
In conclusion, 2024 will see a more favorable demand-supply equation for VLCC owners, driven by a 2% oil demand growth and flat-to-negative fleet growth. Emerging market economies will spearhead global growth, and the displacement of crude oil due to the Russia/Ukraine situation could further increase tonne-mile demand as crude travels longer distances.

While scrapping is expected to be negligible due to strengthening market fundamentals, considering the increasing number of older tonnage and that only 3 VLCC deliveries are planned for 2024, even minimal removal of aging tonnage could result in negative supply growth, potentially strengthening freight rates and overall market conditions.

BITR TD3C TCE (USD/D) ('000s)

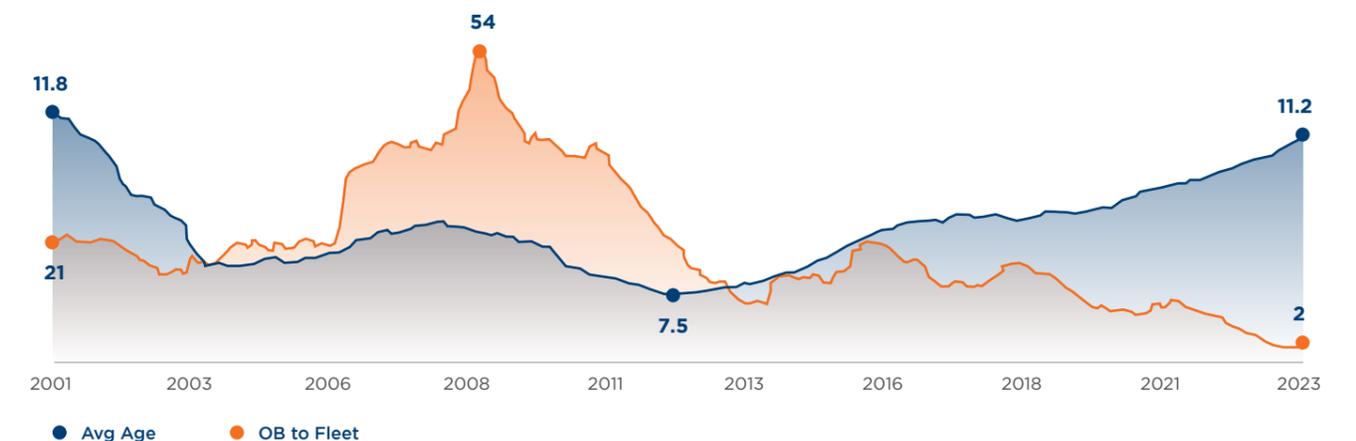


GLOBAL CRUDE OIL DEMAND (M BPD)



Source: IEA, EIA, OPEC

AVERAGE AGE & ORDERBOOK (%)



# Chemical Sector

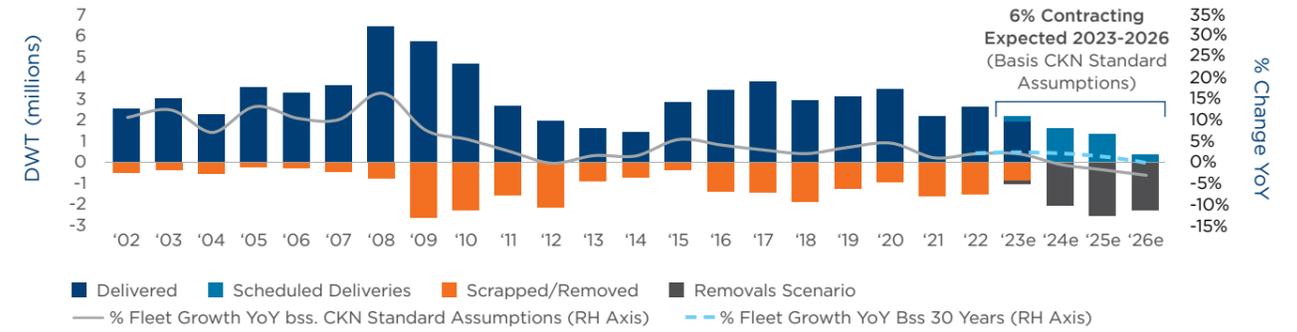
The competitive landscape continues to remain very volatile with the ongoing war in Ukraine and sanctions on Russian cargo, in addition to the impacted "gray" fleet that has absorbed substantial tonnage.

The overall tonnage supply is expected to see a significant supply tightening over the next few years, as global shipyards' numbers have dwindled since the COVID-19 pandemic. There has also been an unavailability of shipyards' slots until and beyond 2026 for newbuilding. The impact on the chemical tanker fleet is significant, with an expected contraction in tonnage supply of about 6% between 2023 and 2026, as per the below chart.

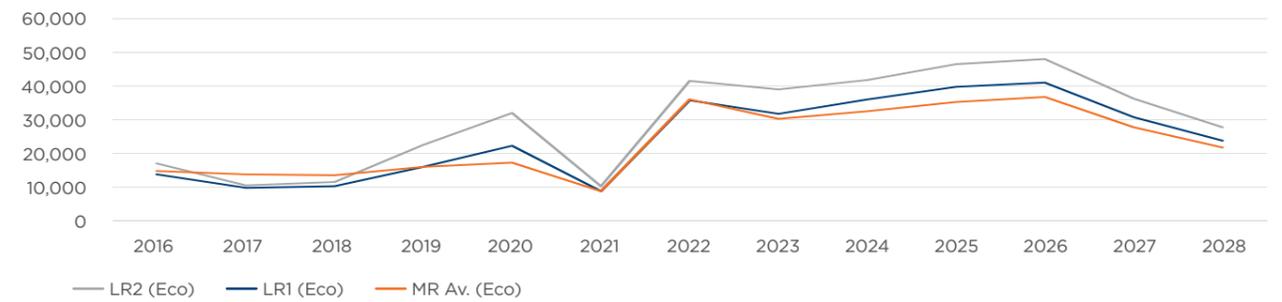
## Outlook

Overall, global events such as the continued Russia/Ukraine conflict and sanctions of Russian cargoes, future environmental and decarbonization regulations and initiatives, increased imbalance of refinery throughput between production and demand geographies, global economic uncertainties from inflationary pressure, and increased financing rates, are all expected to continue influencing the chemical sector.

## Chemical Tanker Fleet Development and Outlook



## Clean Tanker Outlook



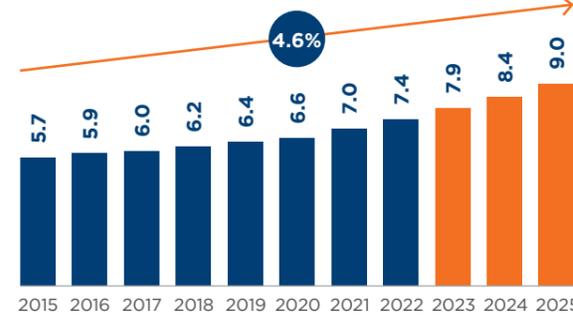
Source: Clarksons October 2023

# Logistics Sector

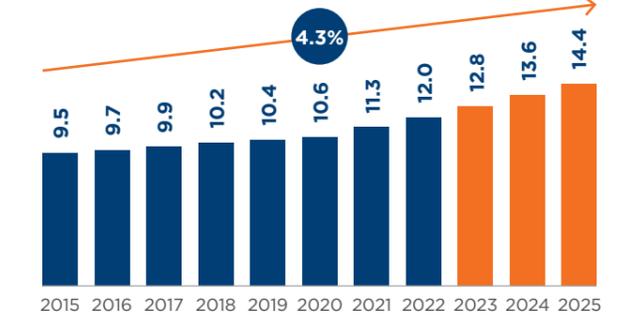
The logistics market is the horizontal enabler for the Kingdom of Saudi Arabia's growth and trade ambitions. In 2023, the freight market outlook remained positive, with freight forwarding, overall transportation and warehousing expected to see growth. Freight forwarding is expected to continue at above average growth rates of 4.6%, as mega-projects and diversifications grip. Moreover, the Kingdom of Saudi Arabia enjoys a strategic location that suggests a strong potential but has yet to gain a hub position. Value extraction remains limited due to the reliance on imports.

In addition, transportation is expected to grow at a rate of 4.3%. There are approximately only 5 large fleet owners that serve the market, with nearly 1 million trucks registered. Meanwhile, warehousing is set to see significant growth at 6.7%, with current demand significantly outpacing supply. Overall, the segment suffers from a general lack of real estate infrastructure and quality standards. The majority of assets are concentrated around Riyadh, Jeddah, and Dammam due to their high economic activity. Finally, the warehousing market's outlook is expected to be driven by the acceleration of trade, efforts to develop manufacturing base, emergence of SEZs and logistics/industrial parks, and the implementation of giga-projects.

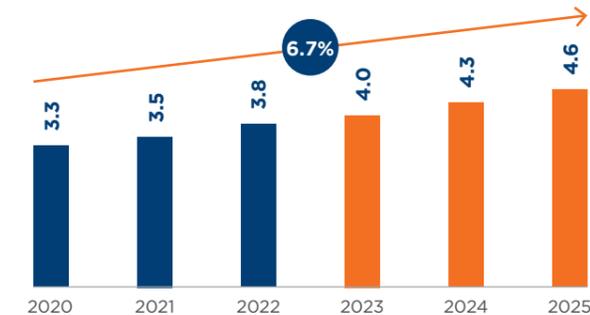
## KSA Freight Forwarding Market Size (USD Bn. 2015 to 2025)



## KSA Transportation Market Size by Segment (USD Bn. 2015 to 2025)



## KSA Warehousing Market (USD Bn. 2020 to 2025)



# Dry Bulk Sector

In 2023, the dry bulk market rally was primarily influenced by positional imbalances and temporary disruptions, rather than fundamental factors. The normalization of average port congestion has led to an increase in the active supply of vessels, resulting in overcapacity in the market. Furthermore, weather imbalances and prolonged geopolitical tensions have contributed to the projection of supply-demand fundamentals for 2023, indicating a 2.3% trade growth against a 2.8% fleet growth.

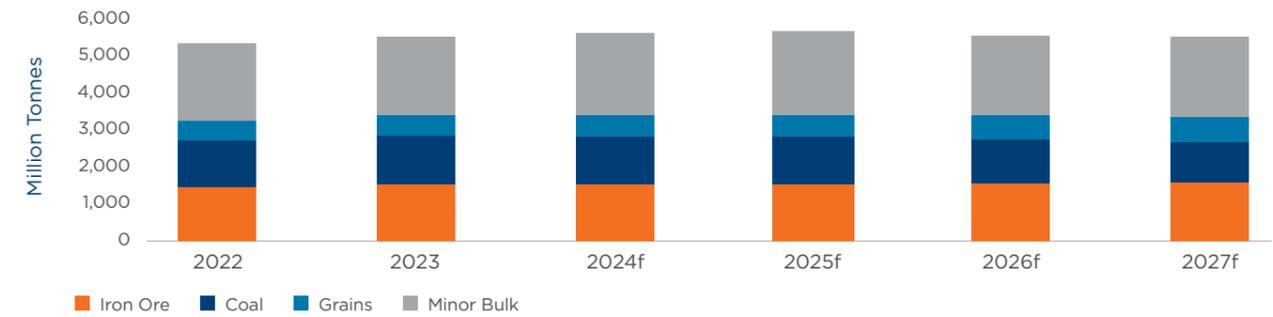
On the demand front, the increase in iron ore prices has injected optimism into the market as China's inventories are signaling signs of restocking. Conversely, coal trade into Europe has significantly declined due to oversupply in inventories, adding pressure on coal and gas prices, alleviating the energy security concerns that were prevalent in 2022.

Despite this, grains trade growth has been moderate, as extreme weather conditions in Argentina have led to significant declines in grain exports, while record soybean and corn harvests in Brazil and the USA have provided stability.

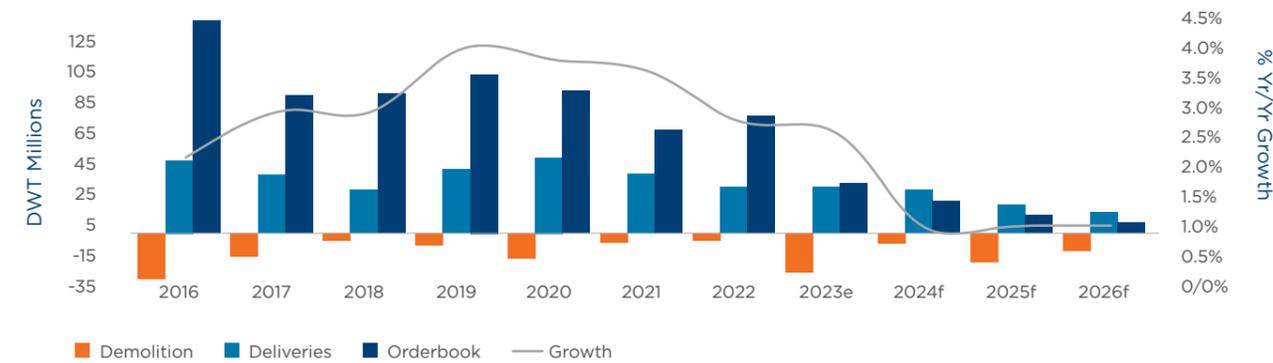
### Outlook

Looking forward to 2024, the outlook for the bulker market appears relatively moderate, with potential for gradual improvements. Current projections suggest that bulker demand growth will surpass fleet growth, influenced by limited delivery schedules and the potential for increased demolition. Various other factors, such as vessel speeds and increased EST retrofit time due to environmental regulations, have the potential to influence market trends.

Seaborne Dry Bulk Trade



Bulk-carrier Fleet Trends



# Future Plans and Decisions

**Looking ahead to 2024, Bahri is committed to continuously improving our operations, furthering our strategic initiatives and adopting innovative solutions to grow the business, while contributing to the Vision 2030 goal to develop the Kingdom of Saudi Arabia into a leading global logistics hub.**

In line with this goal, and to leverage the Kingdom of Saudi Arabia's geographical location, Bahri plays a key role as the exclusive maritime shipping provider for Saudi Aramco to the USA, Europe, and the Far East.

In terms of expanding our investments, Bahri signed a non-binding Memorandum of Understanding with Ajlan & Bros Holding Group (ABHG) to explore the potential collaboration in establishing a new joint venture company, which will specialize in owning, operating, and managing various models of vessels, serving as an essential contributor to the nation's fleet. This agreement will create a wide range of new employment opportunities and significantly contribute to the Kingdom's economic expansion and fiscal growth.

Moreover, as part of Bahri's ambitious growth and development plan, we announced the signing of a non-binding Memorandum of Understanding with the Suez Canal Authority (SCA). The SCA is an esteemed independent Egyptian public authority established 152 years ago, which is responsible for the management and operation of one of the busiest shipping routes globally. This collaboration seeks to create an Egyptian joint-stock company dedicated to maritime transport in order to deliver industry-leading maritime transport solutions.

During a year of many achievements, Bahri entered into an agreement with the Private Sector Partnership Reinforcement Program, Shareek. This collaboration aims to bolster Bahri's initiative to venture into the gas transportation sector, through acquiring or constructing vessels that will enable the Company to meet the anticipated future demand for gas transportation in both the Kingdom of Saudi Arabia and the global market.

This agreement also aligns with Bahri's long-term objective of diversifying its transport fleet to encompass a crucial and promising sector within the highly competitive economic landscape of the transportation industry. During 2024-2030, the level of capital investment of this agreement is planned to reach SAR 1.53 Bn., aligning with our long-term investment cycle, which prioritizes specialized gas transport vessels. Our focus will be on enhancing efficiency, sustainability, and cost management to maintain competitiveness and deliver satisfactory returns to our shareholders.

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

As part of our strategic objective to diversify our business, Bahri is committed to actively exploring new opportunities in line with our business plan. We remain dedicated to identifying and pursuing potential ventures that align with our growth strategy. Overall, Bahri continues to make significant strides in expanding our operations and partnerships, positioning us for continued success in the maritime and transportation sectors.

**Bahri is committed to actively exploring new opportunities in line with our business plan**

# Business Units



## Bahri Oil

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## Bahri Chemicals

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## Bahri Integrated Logistics

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## Bahri Dry Bulk

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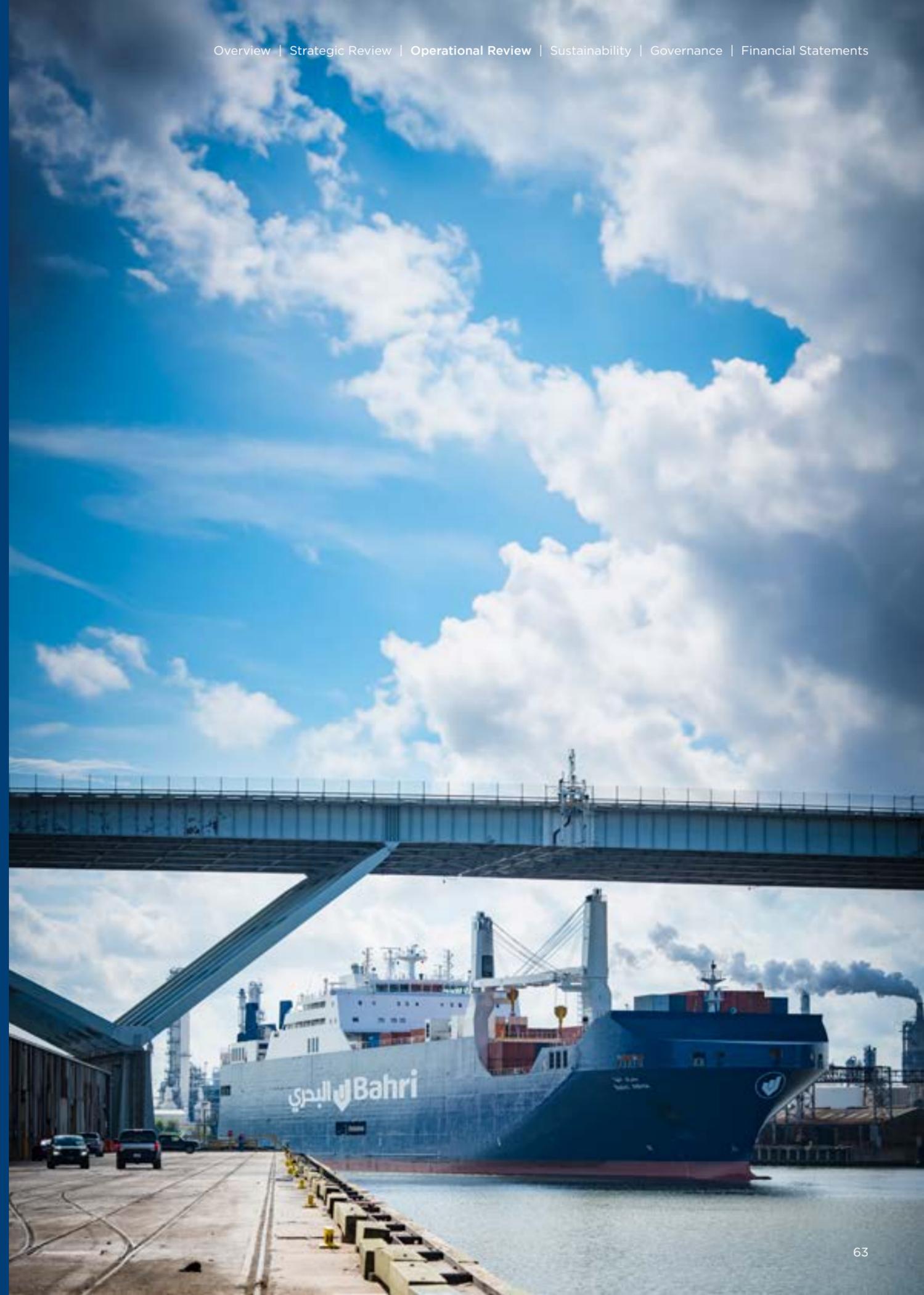
## Bahri Ship Management

Page 94



## Bahri Fleet

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# Bahri Oil

The year witnessed the completion of 340 voyages, enabling the transportation of 1.91 million barrels of crude oil daily across global routes.



DWT capacity of 11.8 million tons



NPS of 9.9 out of 10



**Bahri Oil is one of the world’s leading owners and operators of Very Large Crude Carrier (VLCC) vessels. As of 31st December 2023, the fleet consists of 38 VLCCs with a deadweight tonnage (DWT) of 11.8 million tonnes, representing around 4% of global capacity and maintaining our position within the top 5 VLCC owners globally.**

**Developments in 2023**

Bahri Oil in 2023 furthered its commitment to excellence by continuing to focus on the renewal of older tonnage. We inducted 2 new modern eco vessels as replacements for vessels divested in the prior year, contributing to fleet optimization and increased efficiency. Furthermore, consistent with Bahri’s overarching objective of maintaining a young and competitive fleet, we took advantage of the elevated asset value environment for older tonnage to strategically divest 2 older VLCCs and 3 MR vessels. This reduced the average age of our fleet by around 1.5 years and contributes to lower overall fleet emissions, ensuring the sustained provision of high-quality services to our global client base.

Moreover, we installed scrubbers on 4 VLCCs, nearly tripling the proportion of scrubber-fitted ships. This initiative not only ensured compliance with international emissions standards but also reduced operational costs by allowing the use of more economical fuel.

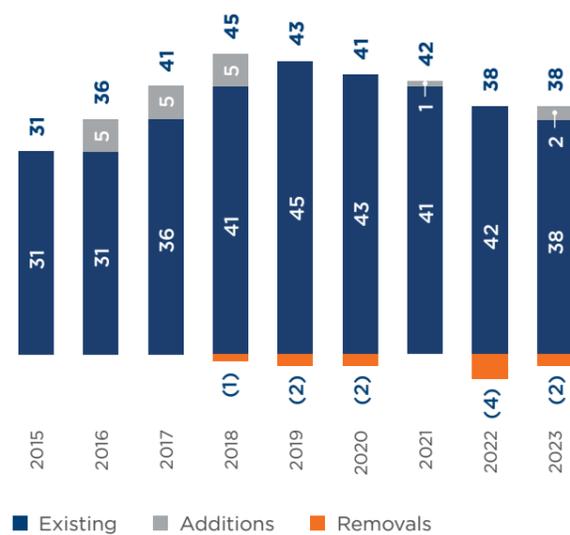
During the year, Bahri Oil increased our market presence in terms of trade routes, with a higher focus on diversifying our client base, in turn improving fleet utilization. We expanded our trading operations to cover new destinations from the Arabian Gulf (AG), transporting cargos to Ulsan and Jieyang Crude Oil Terminal.

**Measures Adopted to Optimize Fleet Utilization in 2023**



- Targeting USG backhails with minimal ballasting following USG fronthaul voyages
- Natural re-positioning of AGRed Sea ships for Sidi Kerir-UKC cargos and subsequent backhaul to East
- Commercially viable fronthaul out chartering from AG

**BAHRI OIL VLCC FLEET DEVELOPMENT**



Bahri Oil also achieved significant operational milestones that underscored our standing in the global shipping landscape. The year witnessed the completion of 340 voyages, enabling the transportation of 1.91 million barrels of crude oil daily across global routes. Notably, the AG-USG voyages, combined with triangulation, contribute to our competitive edge, enhancing utilization and generating a premium to the benchmark TD3C (AG-China) route.

The distribution of voyages predominantly favored the primary AG market, constituting approximately 70% of the total loadings. Meanwhile, other cargos were sourced from major VLCC export terminals worldwide, highlighting Bahri Oil’s diversified global operational footprint and customer base.

The year also witnessed several market dynamics that had a direct impact on Bahri Oil’s operations. As a result of OPEC+ supply cuts and additional unilateral reductions by major producers, including the Kingdom of Saudi Arabia and Russia, 2023 saw a reduction in AG cargo volume during the second half of the year. In addition, there were also changes in crude flows, increased tonne-demand for smaller vessels (Aframax/Suezmax), which impacted overall VLCC market dynamics.

Nonetheless, Bahri Oil successfully navigated through the effects of geopolitical events and OPEC+ cuts, generating robust financial results. Our proactive approach, as evidenced by the extensive scheduling practices carefully aligned with voyage projections and optimized utilization, mitigated the effects of market volatility.

Bahri Oil also continued to serve our customers’ needs in a safe, reliable, and timely manner. In 2023, we achieved an exceptional Net Promoter Score (NPS) of 9.9 out of 10 for Operations, an impressive improvement from the previous year. The Executive survey also saw improved results, with a score of 9.2 reflecting a year-on-year enhancement. These results are a testament to Bahri Oil’s ongoing endeavors to maintain high-quality operations, meet customer expectations, and expand our customer base.

**Awards and Recognitions**



**Shipping Company of the Year**

The Maritime Standard (TMS) Awards 2023



### Improvements in Technology

In cooperation with BSM, Bahri Oil introduced a new system aimed at enhancing transparency and sustainability in our operations. We implemented a live tracking dashboard that provides real-time ratings for each owned VLCC. This innovative tool aligns with our commitment to minimize fleet emissions, ensuring compliance with global regulations, and advancing Bahri's ESG initiatives.

Moreover, we complied with the Carbon Intensity Indicator (CII) and Energy Efficiency Existing Ship Index (EEXI) rating regulations for shipping, as governed by the International Maritime Organization (IMO). These regulations aim to reduce greenhouse gas emissions from ships by establishing standards and benchmarks for energy efficiency. As such, our new system not only demonstrates Bahri's commitment to sustainability, but also aligns with these regulations by providing a tool to actively monitor and take proactive measures to improve the environmental impact of our fleet.

### Sustainability, HSE, and Human Capital

In 2023, Bahri Oil enhanced its sustainability by continuing fleet renewal and divesting older VLCCs. This increased the proportion of our eco fleet to 34%, which enhanced the environmental efficiency of the fleet and improved the fleet average age by 7%. We also completed the installation of exhaust gas cleaning systems on 4 vessels in the fleet for effective capture and disposal of sulfur emissions.

Bahri Oil also continued to focus on attracting and developing Saudi talent, leveraging Bahri's comprehensive Graduate Development Program (GDP) as a pivotal strategy. This year, 2 program graduates transitioned into full-time employees, having fulfilled the requisite criteria. We also recently welcomed 2 participants into the GDP, with their graduation anticipated in 2024. Through this strategic initiative, as Bahri Oil's workforce develops with skilled Saudi professionals, it also significantly improves the Saudization rate to over 40%, aligning with national objectives and promoting a diverse and dynamic workplace environment.

### Looking Ahead

Moving forward, Bahri Oil remains committed to continuous operational performance enhancement through meticulous strategic planning and execution and adopting cutting-edge technology and innovative solutions to drive further growth. These initiatives include further refinement of existing fleet maintenance systems, enabling more precise monitoring and management of fleet speed and fuel consumption.

On the commercial front, we remain focused on diversifying our revenue portfolio through expansion of spot operations, securing additional cargo contracts with major charterers, and exploring time charter opportunities. Dedication to maximizing fleet utilization and prioritizing high-earning routes is integral to optimizing our financial returns.

We are steadfast in our commitment to fleet modernization, strategically replacing older vessels with modern eco tonnage. This approach not only enhances fleet efficiency and profitability but also significantly lowers our overall fleet emissions, aligning with our sustainability objectives.

On the human capital front, Bahri Oil is dedicated to fostering the growth of Saudi talent in the commercial maritime sector, actively attracting young Saudis to join the team. Beyond our Graduate Development Program, we are also focused on drawing in additional Saudi professionals, offering them opportunities for development and growth within our dynamic industry.

Finally, at the core of our operations is a relentless pursuit of excellence in quality management, to ensure unrivalled customer satisfaction, which we will continue to prioritize in the years to come.



**As Bahri Oil's workforce develops with skilled Saudi professionals, it also significantly improves the Saudization rate to over 40%, aligning with national objectives and promoting a diverse and dynamic workplace environment.**

# Bahri Chemicals

Volume loaded in the Kingdom of Saudi Arabia accounting for an impressive 42% of our total transportation volume in 2023.



32 vessels



DWT of about  
1.6 million tons



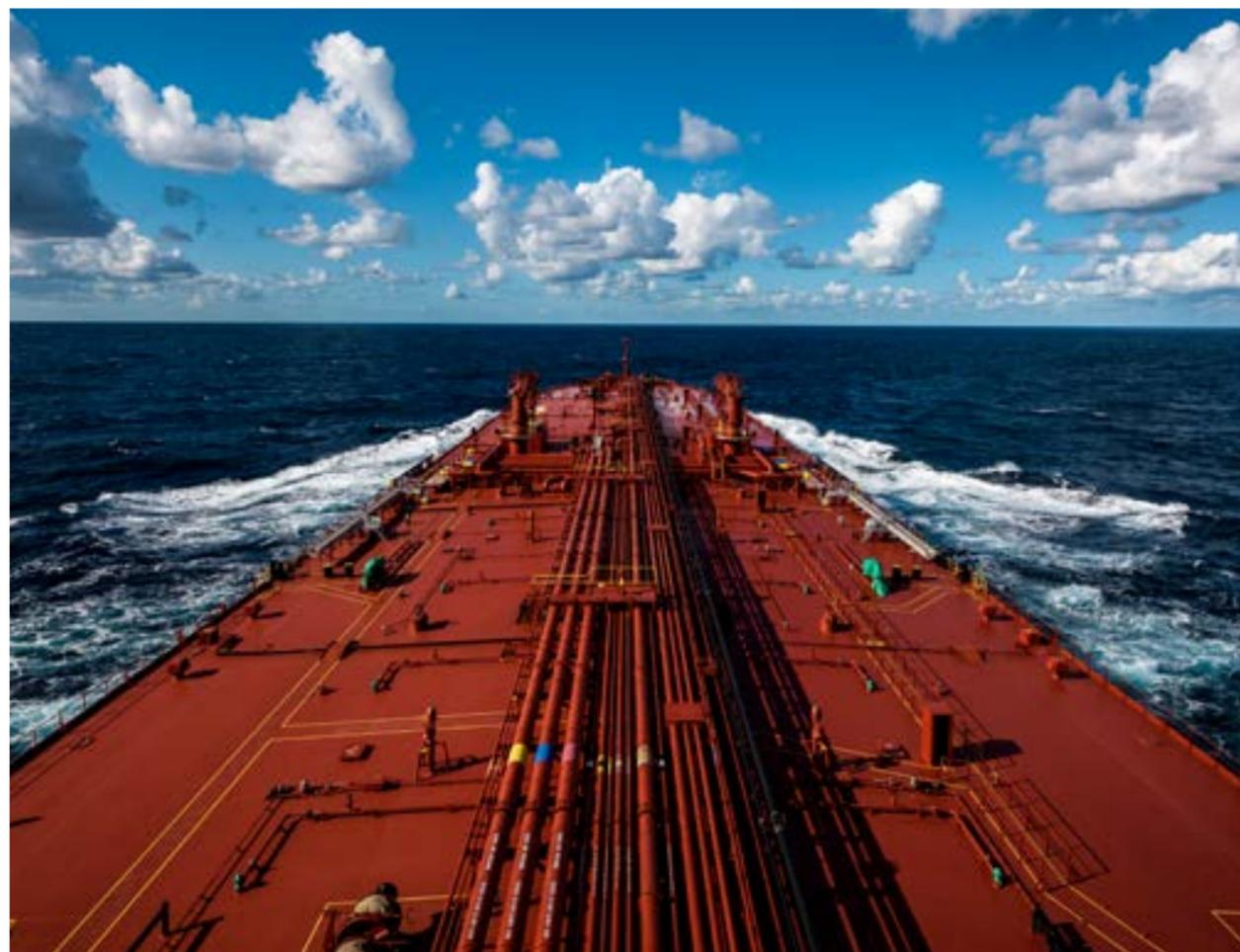
**Bahri Chemicals (National Chemical Carriers (NCC)) was established in 1990 as a joint venture between Saudi Basic Industries Corporation (SABIC) with 20% ownership, and Bahri Group (The National Shipping Company of Saudi Arabia) with 80% ownership. Bahri Chemicals' operations include shipping and logistical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

We commercially manage a fleet of chemical tankers globally, calling to more than 150 ports annually and over 200 ports since 2014. Our commercial footprint and presence are reinforced with local offices in Riyadh, the Kingdom of Saudi Arabia, Dubai, UAE, and Houston, USA.

Bahri Chemicals' owned fleet of 32 vessels (at the end of 2023) is designed to the highest technical and safety specifications with performance tank coating systems. Our latest class of newbuilds (55,000 DWT wide beam eco ships) can transport up to 22 different

grades of bulk liquid cargoes under a nitrogen blanket to preserve quality. Our fleet (including 10 newbuilds) has a combined DWT of about 1.6 million tons.

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



### Developments in 2023

During the year, Bahri Chemicals celebrated a range of significant milestones. Notably, we successfully solidified our market presence in the Kingdom of Saudi Arabia, with the volume loaded accounting for an impressive 42% of our total transportation volume in 2023.

Moreover, in Q1, we received the last of our 10 newbuilding (Amwaj class) IMO2 MRs order. Our newbuilding fleet's unique design provides us with a significant competitive advantage in terms of cargo volume, lower draft, and wide beam to berth in several ports and lower bunker consumption.

We also continued our efforts in fleet diversification, by adding further J19 (stainless steel) and LR2 vessels. In addition, we focused on maintaining a youthful fleet by divesting aging vessels. As such, we concluded the sale of 4 vessels before dry-docking (NCC Dammam and NCC Haiel during Q1 and, NCC Najd and NCC Hijaz during Q4). The vessels were sold at an opportune time with values well above book values. This supported our cash flow requirements for future fleet replacements and growth.

In 2015, Bahri Chemicals had contracted with Akzo Nobel for the re-coating of 15 vessels with interline coating. This coating became unavailable soon thereafter and Akzo Nobel stopped selling it. The arbitration procedure was concluded this year. As a final settlement, Bahri Chemicals received a significant one-off total payment of USD 23.5 Mn. from Akzo Nobel and Hull Underwriters.

On the commercial side, we further consolidated our COA commitments with several major charterers including International Shipping and Trading Company (SABIC), Waterfront, GHS, Sipchem, and ATC.

Our efforts reflected positively on our financial performance. Year-end revenue reached SAR 2,723 Mn. as compared to SAR 2,058 Mn. in 2022, representing an increase of 32%. Net income stood at SAR 797 Mn., as compared to SAR 375 Mn. for 2022, representing an increase of 113%. We also witnessed a 27% increase in transported cargo, from 13.4 million mt in 2022 to 17 million mt for this year.

### Sustainability and HSE

Bahri Chemicals remains committed to sustainable operations, in line with the Company's overarching initiatives. As such, with our newbuilding fleet, in addition to the disposal of older tonnage and time chartering of new vessels, we have been able to decrease our carbon footprint.

Our HSE performance has also improved, with only 3 accidents and 4 incidents overall, and zero spills to water this year.

We have also continued to focus on human capital, with the addition of key competencies across all functions including Chartering and Operations. Bahri Chemicals' team has grown from 25 to 34 people, supporting our ambitions and helping us pave the way forward.

### Looking Ahead

In 2024, we plan to continue our efforts to diversify our portfolio, while striving to maintain an optimum ratio of 70/30 owned/TC-in fleet. Furthermore, we will continue to provide valuable support and commitment to Saudi-based charterers, while demonstrating our global capabilities with an expanded commercial footprint in Asia and North America.

## Fleet Details

At the end of 2023, NCC managed a fleet of 51 vessels, including the fleet it owns of 32 vessels, of which 10 newbuilds were delivered in 2022, as follows:

**16 IMO2 MR**  
chemical tankers Legacy  
(46 k DWT built 2006-13)

**10 IMO2 MR**  
newbuild chemical tankers  
(55 k DWT built 2022/23)

**1 IMO2 LR**  
chemical tanker  
(83 k DWT built 2013)

**5 MR**  
product tankers  
(50 k DWT built 2014)

Furthermore, Bahri Chemicals has 19 vessels under short- to long-term time charter (10 x IMO2 MR, 2 x LR2 and 7 x J19 stainless steel) and a further 8 vessels under operational management for its key partner International Shipping and Trading Company (SABIC).

The commercial management of Bahri Chemicals' fleet is optimized to benefit from the strong uplift in spot market earnings and to pursue time charter out arrangements to secure medium-term cash flow security. As such, at the end of 2023:

**2 IMO2 MR** and  
**5 MR** product tankers  
were time-chartered to  
Saudi partner companies  
SABIC and Aramco Trading  
Company (ATC)

**2 IMO2 MRs**  
were time-chartered to  
international customers



# Bahri Integrated Logistics

One of the top 10 break bulk carriers globally and among the top 5 in Europe.



40 years of operation



Implemented “CargoWise One” software

**Bahri Integrated Logistics consists of 2 main business units, Bahri Logistics and Bahri Line which was established in 1979 as the first strategic company in the Bahri Group. In over 40 years of operation, we have been focusing on providing an optimal mix of shipping services specializing in subsurface storage capabilities.**

Bahri Integrated Logistics is the leading supplier of direct shipping services from the eastern and Gulf Coast of the USA to Jeddah, Dubai, Dammam, and Mumbai, including moorages in the Mediterranean region and European ports en-route. We are one of the top 10 break bulk carriers globally and among the top 5 in Europe.

We have a network of offices and agents worldwide and are fully compliant with anti-corruption policies. Our strategy is in complete accordance with the Saudi Vision 2030 objectives of transforming the Kingdom of Saudi Arabia into a global logistics platform by expanding internationally and maximizing our overall capabilities.

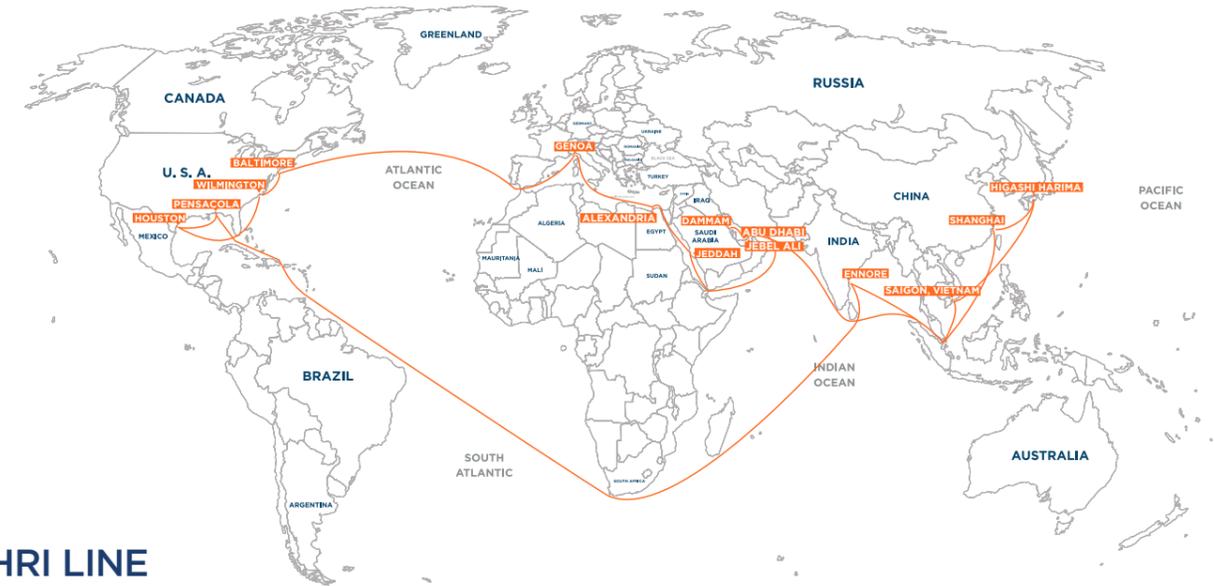
Bahri Line operates uniquely designed vessels from ports on the Arabian Gulf, China, India, Japan, Vietnam, USA Gulf ports, Italy, and the Red Sea, also with a dedicated China, India, Jeddah, North Europe (France, Germany and Belgium), and Red Sea service. We are the only supplier of regular shipping lines for RoCon plus cargo between the USA and the Kingdom of Saudi Arabia, with an advanced multi-use fleet with an average age of less than 5 years.

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



**Developments in 2023**

**North America Service Map**

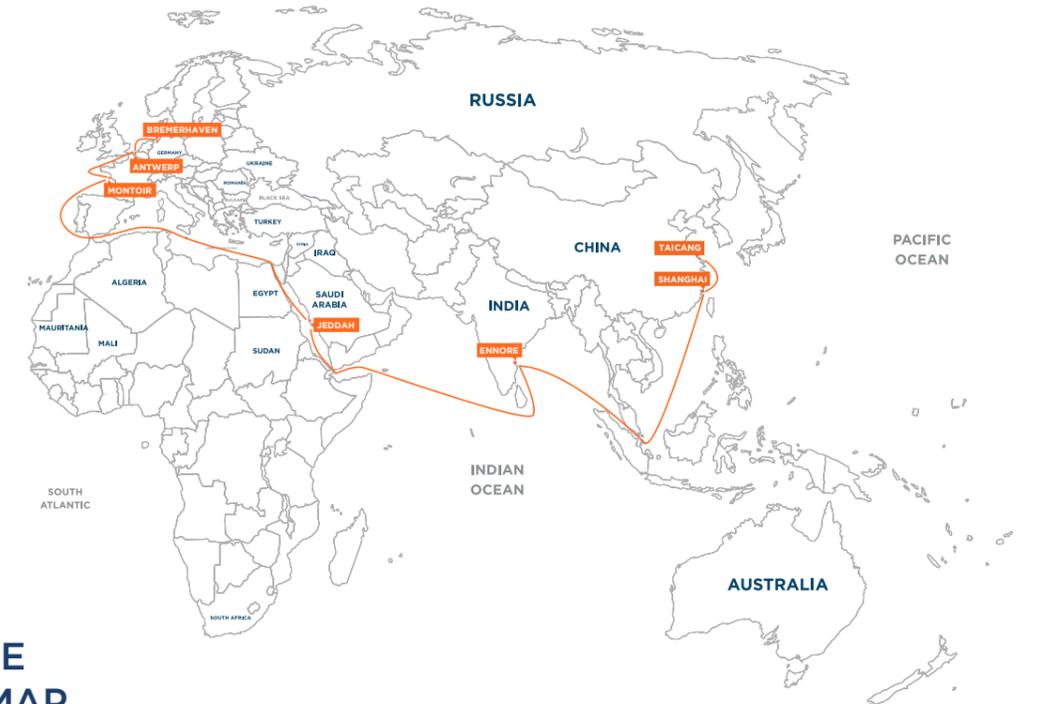


**BAHRI LINE SERVICE MAP**

Middle East - ISC - Far East - North America

DAMMAM > SHANGHAI > HIGASHI HARIMA > SAIGON, VIETNAM > ENNORE > PENSACOLA > HOUSTON > WILMINGTON > BALTIMORE > GENOA > ALEXANDRIA > JEDDAH > ABU DHABI > JEBEL ALI > DAMMAM

**Europe Asia Service Map**



**BAHRI LINE SERVICE MAP**

Asia - Europe Service

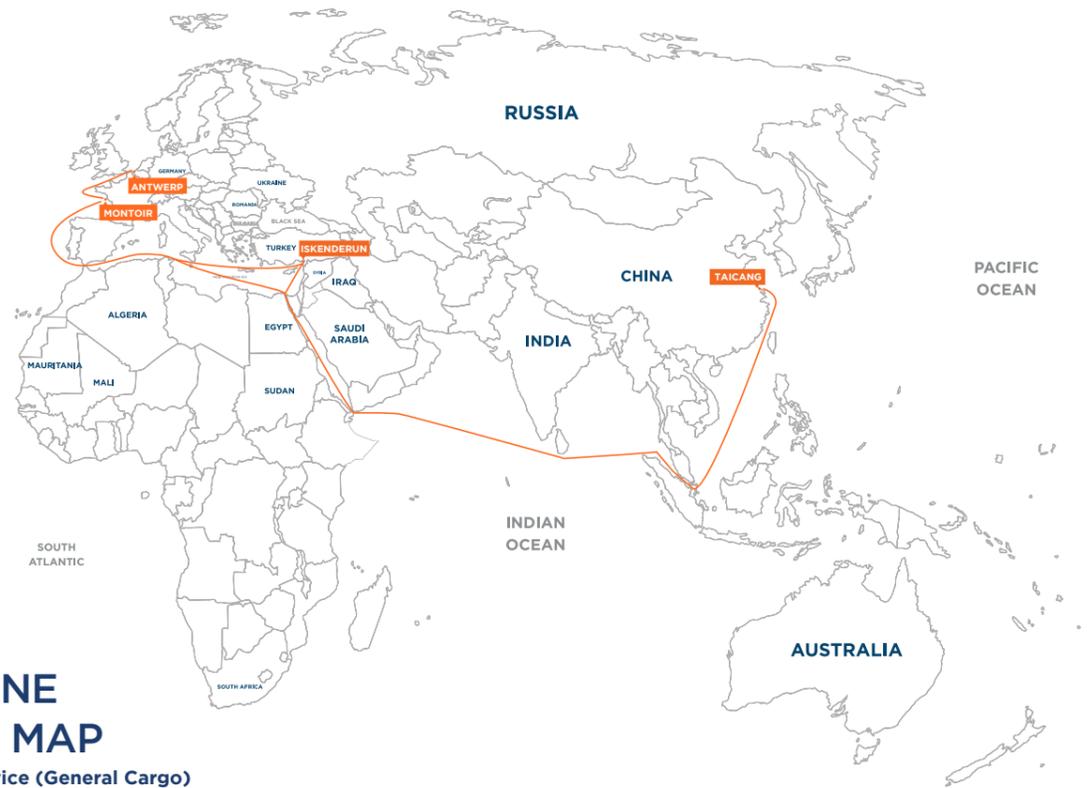
TAICANG > SHANGHAI > ENNORE > JEDDAH > MONTOIR > BREMERHAVEN > ANTWERP > JEDDAH > TAICANG

Bahri Line saw esteemed success in 2023, by winning the prestigious General Electric Supplier Spirit of Alliance Award at the General Electric Onshore Wind Supplier Conference and Awards. As the only shipping line to receive an award at the event, it affirmed our dedication to upholding high service standards and providing exceptional value to our partners.

Although Bahri Line has repeat clients who utilize its services considering our sailing consistency, we made sure to meet our existing contractual agreements, and signed additional ones with General Electric, Caterpillar, and Daimler, positioning Bahri as a Global Logistical Provider in the maritime industry.

Moreover, in alignment with the Board and Saudi Vision 2030, Bahri Line increased its footprint to new markets by introducing the General Cargo Far East-North Europe service which links the Kingdom of Saudi Arabia directly with China, India, Germany, France, and Belgium. This service opened new horizons for Bahri Line to cater to more markets and to ensure an excellent utilization of the fleet capability.

**Asia - Europe Service (General Cargo)**

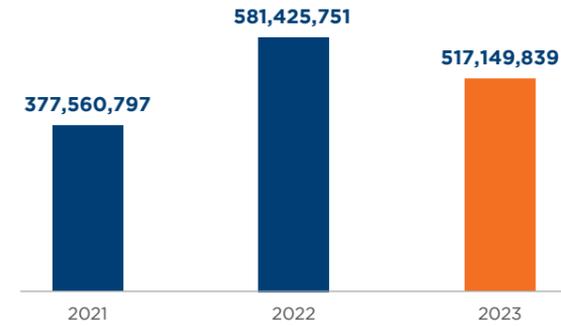


**BAHRI LINE SERVICE MAP**

Asia - Europe Service (General Cargo)



**Revenue Trend (Bahri Line)**  
(SAR, 2021 to 2023)



Despite the decrease in the overall revenue this year as compared to 2022, Bahri Line maintained a strong performance with profitable margins and a healthy bottom line.

**Awards and Recognitions**

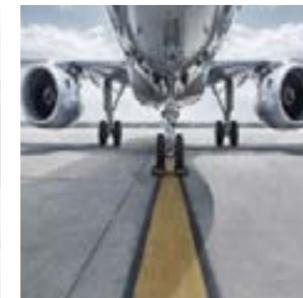
Bahri Line was awarded the Supplier Spirit of Alliance Award at the General Electric Onshore Wind Supplier Conference in Florida. The Bahri subsidiary stands as the only shipping line to receive an award at this leading industry conference.



There are 8 industry verticals where Bahri Logistics can propose tailored logistics solutions



Defense



Aerospace



Automotive



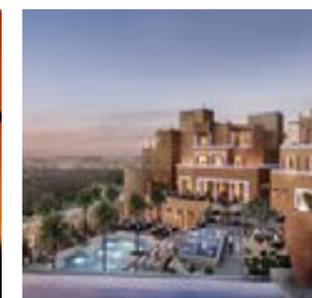
Perishables



Pharma and Healthcare



Oil and Gas



Hotel Logistics



Projects

Bahri Logistics saw several key achievements throughout 2023, enabling us to meet our KPIs for the year. First, we were able to build up our Aerospace vertical in the Kingdom of Saudi Arabia by winning a Saudi Technic's partial freight forwarding contract. This enabled us to establish a dedicated Aircraft on Ground (AOG) desk for rapid aircrafts spare parts movement from across the globe. We also moved with a fast pace over the contract logistics solutions, establishing multiple storage facilities across the Kingdom of Saudi Arabia with a total area of more than 100,000 sqm. We also onboarded new clients. Under our Perishables vertical, we entered into an agreement with an international client, establishing their entity in the Kingdom of Saudi Arabia to serve high-quality food needs in the market.

In the Industrial vertical, Bahri Logistics won the Saudi Arabia Railways freight forwarding contract, positioning us well towards a full multimodal connectivity.

Under the Hotel Logistics vertical, we won the Boutique freight forwarding contract. This includes the dismantling, packaging, labeling, and transfer of Boutique assets from several palaces to our temperature-controlled warehouse in Riyadh for storage. After the relevant Boutique project is completed, these assets will be transferred back and installed at Boutique luxury hotels.

We expanded our global presence with a back office in India to support our growth strategy. We have also started the construction of a state-of-the-art Bonded Zone facility in Jeddah Islamic Port with a total area of more than 90,000 sqm. The Bonded Zone will offer services for different temperature ranges and will enable local and multinational companies to establish a distribution hub for re-export and import activities in the region.

Several key market trends impacted our performance and operations in 2023. These included the global drop in air and sea freight prices, as well as rising geopolitical tensions in the region, influencing our direction this year. In response, we focused on operating charter flights, expansion warehouses, and delivering new services in different verticals. Furthermore, we implemented "CargoWise One" software as an integrated logistics execution platform, operating globally standardized modules for transport, international freight, customs brokerage, and warehousing. This added to our operational excellence and provided strong tracing capabilities due its global connectivity with airlines and shipping lines. Moreover, "CargoWise One" is integrateable with clients' and service providers' systems, creating a new level of seamless customer experience.

### Looking Ahead

We have several ambitious plans for the year ahead, including Bahri Line's aim to be the leader of project Cargo World. By 2031, Bahri Line plans to own and operate between 25 to 30 vessels and offer different services connecting the world, with a focus on the RORO and break-bulk cargo industry.

In 2024, we will continue to focus on developing base products to increase market share (volume), improving both our teams' capabilities and service delivery. Specialty will continue to be Bahri Integrated Logistics' value proposition and the year ahead will focus on developing the proper vertical setup. Overall, we will continue focusing on digital, warehousing, and global expansion, in line with Bahri's overall strategic objectives.



# Bahri Dry Bulk

Aggregate carrying capacity of 3.7 million tons during 2023, achieving a growth rate of 24% over last year.



Total fleet capacity of 864,500 DWT



100% BWTS-fitted



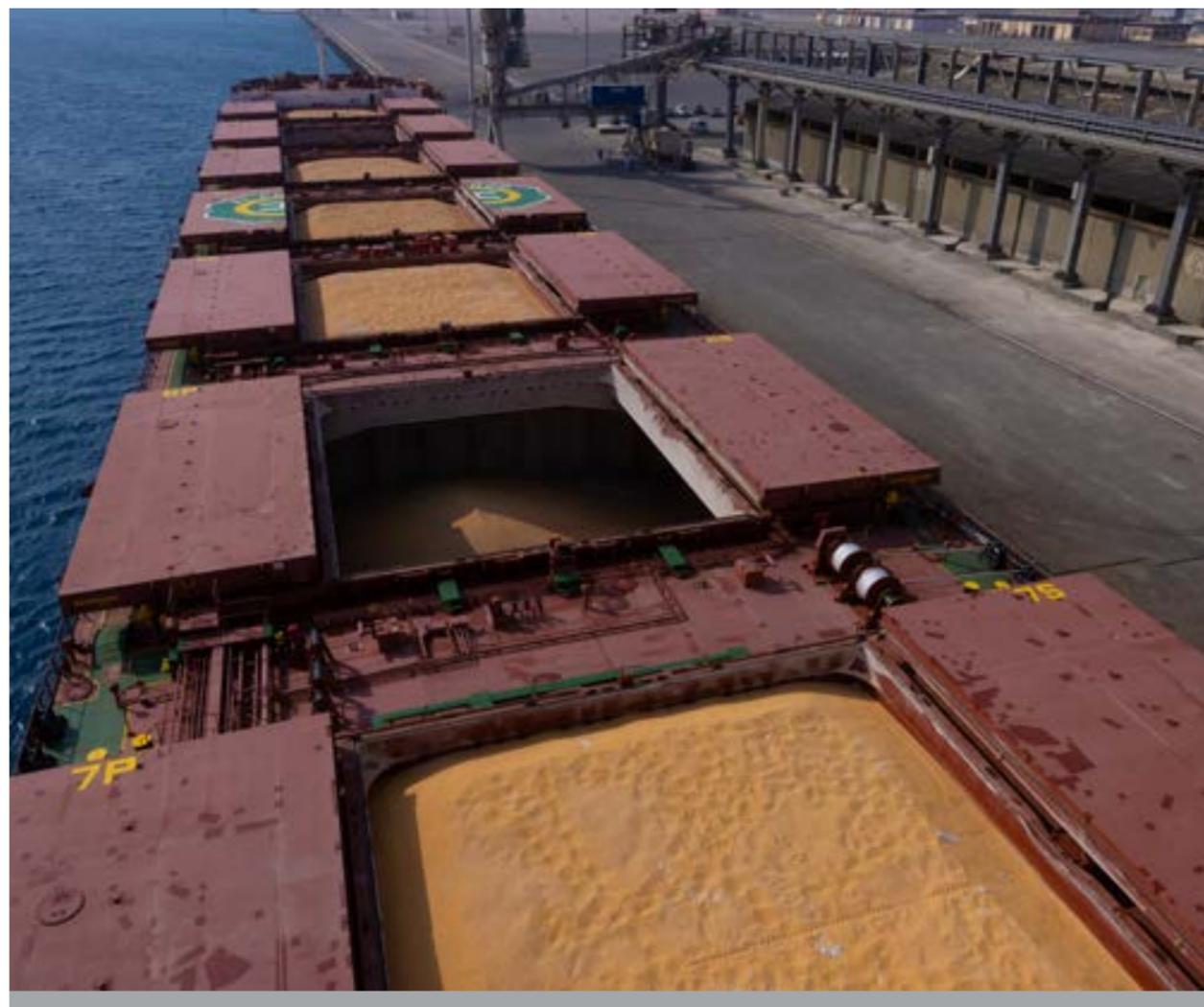
**Established in 2010 through a joint venture between Bahri and the Arabian Agricultural Services Company (ARASCO) as the Kingdom of Saudi Arabia's national carrier, Bahri Dry Bulk (BDB) is a fully integrated shipowner and operator in the regional and global transportation of dry bulk commodities.**

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

We maintained strength in our cargo transportation operations, with an aggregate carrying capacity of 3.7 million tons during 2023, achieving a growth rate of 24% over last year. We are driven to become a leading dry bulk transporter and logistics provider regionally and globally, through innovation and by maintaining the highest industry standards.

**Developments in 2023**

As of year-end, BDB had a fleet strength of 11 vessels, 9 Kamsarmax and 2 Ultramax, built in world-class shipyards and bringing the total fleet capacity to 864,500 DWT.



**Saudi Flagged**

**100%**



**Fleet Capacity**

**864,500** DWT



**Improved Saudization Rate**

**62.5%** in 2023 compared to 0% in 2022



**Commercial Offices**

**Riyadh and Dubai**



**Distance sailed**

**~800,000** NM



**NPS**

**10/10** on responses received till date



**EGCS-fitted**

**54%**



**BWTS-fitted**

**100%**



**Transported Cargo**

**3,700,000** MT



**Port Calls**

**200+**



**Awards and Recognition**

**Bulk Shipping Company of The Year at the Maritime Standards Awards (TMS)**



**Trading Days**

**100%** Utilization



### Approach to Market Volatility

BDB's robust business model proved invaluable in overcoming the unprecedented challenges posed by volatile market conditions, resulting in satisfactory earnings for the full year. Our proactive fleet positioning practices were meticulously planned to align with forthcoming demands, optimizing operational efficiency. These endeavors not only mitigated the adverse effects of the challenging market landscape, but also strategically positioned the Company for potential market resurgence.

Our astute navigation through market volatility and supply chain disruptions has resulted in achieving exceptional TCE rates, surpassing the market index average by an impressive 35%.

In addition, we enhanced operations by minimizing idle time, cargo operations, and optimizing time during bunker operations. We also carefully evaluated both commercial and operational considerations to ensure maximum sourcing of bunkers from the Kingdom of Saudi Arabia.

BDB also possesses an extensive network of cargo owners that is diversified across various geographies and commodities. This network serves to mitigate our exposure to specific customers, geographies, or commodities, thus establishing a solid foundation for revenue generation and effectively reducing the impact of cyclical and counterparty risk.

Our business strategy is centered around bolstering our operational and financial position. We have adopted a multifaceted fleet strategy, underpinned by 3 key commercial and operational streams: short and long fixture positioning, expanding the cargo book by a combination of asset-light and owned tonnage, and maximizing tonnage ownerships.

In terms of commercial operations, BDB focused on the versatile dry bulk segment, particularly Ultramax vessels. This allowed us to leverage the operational flexibility, diversified cargo mix liftings, and port accessibility that this segment offers.

As a result, and with a total fleet utilization of 100% trading days, all of our vessels have traded globally and sailed more than 800,000 NM, carried 3.7 million tons of dry cargoes, and attended to more than 200 port calls.

### Expanding Our Client Base

Our collective efforts in upholding the resilience and effectiveness of supply chains in the Kingdom of Saudi Arabia are vital for safeguarding the nation's food security, economic stability, and social harmony. By working diligently to optimize these supply chains, we can establish a strong foundation for ensuring food security for current and future generations, thereby contributing to the overall prosperity and resilience of the Kingdom of Saudi Arabia.

To this end, the business performance and relationship with our partner and key client, ARASCO, has been thriving. We continue to cater to ARASCO's main load program, transporting grains from the East Coast of South America to the Kingdom of Saudi Arabia. In addition, we collaborated on their third-party logistics program, bolstering the Kingdom of Saudi Arabia's food security supply chains.

Moreover, in a remarkable display of national collaboration between Saudi Agricultural and Livestock Investment Co. (SALIC), Mansour Al-Mosaid Group (MMG), Agriculture Development Fund, and Bahri, BDB successfully managed to perform the voyage via its Saudi flagged fleet, such as MV SARA. We also managed to cater to GFSA's (previously SAGO) cargo requirement of grains transporting it to Yanbu. Moving forward, we will continue to prioritize diligence and strategic action to uphold the integrity and efficiency of food security supply chains in the Kingdom of Saudi Arabia.

### Strengthening Strategic Regional Cooperation

This year, we successfully concluded a CoA with Ma'aden on India shipments of about 600,000 tons and Brazil volumes of about 160,000 tons, exceeding the agreed quantities. Building upon this success, BDB has expanded its business operations for increased cargo volumes for both countries. This affirms a strong relationship between both leading Saudi companies.

In another achievement, 2023 marked the beginning of working with SABIC through the first ever CoA entailing the transportation of fertilizers from the Kingdom of Saudi Arabia to New Orleans, USA.

### Awards and Recognitions



BDB has been honored with the prestigious Bulk Shipping Company of The Year Award at the Maritime Standard Awards 2023, triumphing over tough competition. This coveted recognition was awarded following a comprehensive evaluation of various criteria, ranging from our dedication to fostering the dry bulk trade in the Middle East and ISC region, recent investments in vessels, equipment, facilities, and technology to innovative business strategies, environmental protection initiatives, diversification into new trades, financial performance, and CSR commitments.

### Fleet Acquisition and Investment

During the year, to uphold our mission and continue to pursue our expansion plans, we acquired 2 cutting-edge Ultramax vessels (Bahri Ghadah and Bahri Munira) that embody our commitment to environmental sustainability. With these additions, our total Deadweight Tonnage (DWT) now stands at an impressive 864,500 DWT.

These Eco and young Ultramax vessels boast state-of-the-art specifications, including Exhaust Gas Cleaning Systems (EGCS) and Ballast Water Treatment Management Systems (BWTS). By leveraging such advanced technologies, we can significantly reduce the emissions and minimize the carbon footprint. This aligns with our sustainability goals and enables us to comply with stringent environmental regulations.

As such, we have positioned ourselves to tap into niche markets and capitalize on emerging trade routes. The vessel's smaller size, combined with advanced gear capabilities, grants us access to ports and terminals that may be inaccessible to larger vessels. The diversity in our fleet not only widens our geographical reach, but also enhances our ability to cater to various cargo types.



Fleet Acquisition and Investment

# Welcome Aboard 'MV GHADAH' and 'MV MUNIRA'



DWT (MT) **62,625**  
Draft (m) **13.36**

Length (m) **199.98**  
Engine Output (kW) **7,220**

Built **2019**

Brean (m) **32.26**

Speed (knots) **14**



DWT (MT) **64,499**  
Draft (m) **13.54**

Length (m) **199.95**  
Engine Output (kW) **7,220**

Built **2020**

Brean (m) **32.26**

Speed (knots) **14**

**Financial Performance**

BDB witnessed a stable and consistent financial performance in 2023, despite market headwinds and challenges. While maintaining the careful fleet employment mix and industry best practices, the business unit recorded SAR 281 Mn. in revenue, and net income stood at SAR 51 Mn. for the year.

**New Services and Technology**

BDB is strategically focused on embracing digitalization and data analytics as fundamental pillars to drive our future growth and success. As part of our commitment to contributing to Bahri's digital transformation agenda, we have dedicated resources to investing in cutting-edge technologies that will enhance the operational efficiency of our fleet.

One of our key investments in this endeavor is SMARTShip®, a solution engineered to revolutionize our approach to ship monitoring, hull predictions, and engine room management. Through its deployment, we have empowered our fleet with advanced monitoring capabilities, enabling us to optimize vessel performance and operations.

Furthermore, we have developed and implemented more than 20 essential dashboards to provide comprehensive insights into various aspects of our operations and KPIs. Some of these dashboards exclusively focus on time-chartered performance reports, while others provide insights related to voyage efficiency. Both essentially monitor vessel speed, consumption, and performance to optimize operational capability.

Overall, our steadfast commitment to leveraging digitalization and data analytics as key enablers of our strategic initiatives have positioned us to adapt and thrive amidst the ever-evolving business landscape. We are continuously enhancing our operational performance, ensuring efficiency, profitability, and sustainable practices across our fleet and business divisions.

**HSEQ**

In our efforts to further champion a greener footprint, most of our fleet is equipped with the EGCS, and the remaining are burning compliant fuel. In addition, all our newly purchased acquisitions and vessel investments are scrubber fitted, as we consistently align with changes in maritime regulations.

In addition to our contribution to the SOx and NOx emissions, as per IMO Tier III and our commitment to ensure stability of marine life, we have attended to the mandates given by the IMO regarding the discharge of ballast water back to the sea. We are proud to have 100% of our vessels fitted with Ballast Water Treatment System. Moreover, a significant portion of our fleet have completed installing SMARTShip® on board, and we are live monitoring vessels' voyages and engine rooms' performance daily.

All our fleet have also migrated to a digital platform called ezORB, which records the oil transfer operations via bunkering of the ship. This will help reduce operator and clerical errors for more accurate record keeping. The vessels are also currently in the process of migrating fully to paperless and digital navigation, which will help reduce the logistics and transport-related carbon footprint.

Finally, BDB displayed an excellent Port State Control Inspection-Deficiency per the inspection rating during the year, surpassing Tokyo MoU and Paris MoU benchmark standards. This allows the fleet to transition seamlessly through every port.

BDB will continue to comply with environmental regulations, as we leverage our talent and resources to minimize any negative impact caused by our activities at sea. To do so, our environmental footprint is integrating a Carbon Intensity Index (CII) Rating Dashboard, a critical tool in our emissions management strategy. Through continuous monitoring of our emissions data, we can effectively maintain operational efficiencies and closely manage our carbon footprint.

### Our People

BDB's main priority is safeguarding the well-being and protection of our people on board the vessels. Our crew are our gems at sea and the pulse of our industry. We take serious measures and comprehensive safety approaches to ensure a seamless and comfortable experience during their journeys at sea.

During 2023, we continued our efforts to attract Saudi talent with the right skills and aptitudes, through our corporate-wide Graduate Development Program (GDP). We welcome the onboarding of talented new Saudis through the program, to introduce them to the various aspects of the business and operations. As a result, we are proud to contribute strongly towards improving the Saudization rate in BDB, with 62.5% achieved during 2023 over previous years.

### Looking Ahead

To strengthen Bahri's strategic position and performance, BDB will continue expanding and diversifying the fleet going forward. Moreover, we are creating our inhouse market intelligence dashboard and product seasonality trends and forecasting platform. We will seek to integrate the advantages of machine learning into the platform, enabling enhanced forecasting of demand and supply for particular products by correlating them in real time to key economic indicators and trends.



# Bahri Ship Management

BSM operates to the highest international standards of safety and quality and have one of the industry's lowest accident and on board injury rates.



2,200 trainings conducted



Hosted 4 international crew conferences

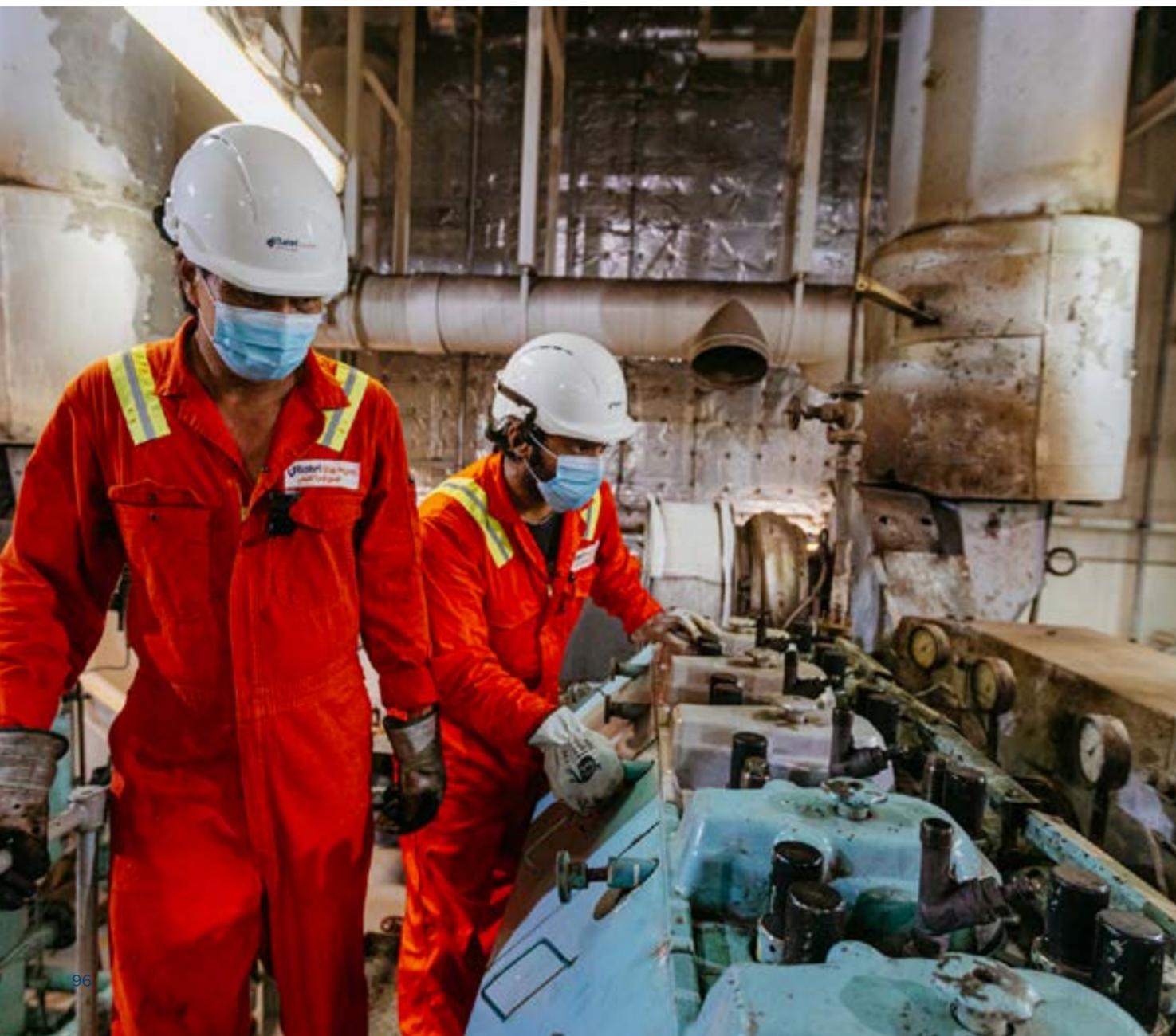


## Bahri Ship Management (BSM) was established in 1996 as a wholly owned ship management company that offers a full range of ship management and marine support services for Bahri Group.

The ship management company plays a crucial role in ensuring an efficient, safe, and environmentally responsible operation of Bahri's diverse maritime assets. BSM's services not only offer routine technical services and operations, but also overlook crewing, and purchasing for the managed vessels. Its expertise lies in ship management and marine support, complemented by specialized services designed to optimize operational efficiency and achieve excellence.

BSM operates to the highest international standards of safety and quality and have one of the industry's lowest accident and on board injury rates.

Today, we have grown to become one of the leading operators working in the Kingdom of Saudi Arabia, the USA, and Far East ports. We operate according to the strictest ship management regulations, including the International Safety Management (ISM) Code, UN Law of the Sea (UNCLOS), Port State Control (PSC), and classification society rules.



### Developments in 2023

Bahri Ship Management delivered several key achievements in 2023. During the year, 2 VLCC were sold and 2 secondhand VLCCs were bought. Moreover, 4 chemical vessels and 3 product tankers were sold, while 2 Ultramax bulk carriers were bought from the secondhand market and added to the dry fleet.

We supported the expansion of Bahri's fleet by completing the construction and delivery of the last (10th) of a series of advanced chemical tankers. As a result, we have improved our fleet's age profile and enhanced our commercial operations. This also coincides with new legislation from the IMO, where BSM continued to ensure that our fleet is up to date to align with these standards.

In addition, we extended our reach to the polar areas, as one of our fleet vessels operated in Alaska for a period charter after obtaining polar code certification. We have undergone a rigorous process to earn this certification which allows us to safely operate in the challenging and environmentally sensitive regions.

Our success in 2023 is reflected in the improvements in our scoring across several metrics. With Port State Control (PSC), we have improved our performance in PSC deficiencies per inspection ratio with 0.56 observations per inspection compared with the industry average of 2.68 for Paris MoU and 1.96 for Tokyo MoU. With regards to the Ship Inspection Report Program (SIRE), our average observation and inspection is 2.31 compared with the industry average of 2.33. Our score from the Chemical Distributions Institute (CDI) is 1.48 (CDI statutory) observations per inspection and 3.00 in total. The total figure has improved from 2022 at 3.47, demonstrating an upward trend in performance.

This year, we also met the EEXI requirements across all the vessels. This included the installation of a Shaft Power Limiting System on several of the vessels to comply with the requirements. As per the plan laid out in 2022, a dashboard that updates the CII rating based on daily noon reports was developed and made available to the Ship Management team, as well as to commercial operators for planning purposes.

We also improved the monitoring of energy consumption on board our ships, with additional dashboards developed for tracking the CO2 and other GHG emissions from the vessels. These were installed to support decarbonization measures that take place during the dry docking of the existing vessels.

BSM's strategy is to adopt the best practices for emission reduction, encompassing the evaluation of energy-saving technologies and alternative fuels, thereby fostering environmentally friendly maritime operations. Also, our rigorous process for enhancing fleet efficiency includes integrating energy-saving devices and exploring innovative technologies such as air lubrication systems and advanced hull coatings. This balance between operational excellence and environmental conservation is a testament to BSM's commitment to sustainable maritime practices.

### Our People

BSM established a People Committee, dedicated to ensuring employee well-being and making it a top priority across the organization. This Committee aims to address employee concerns effectively.

The following are several initiatives and programs offered by BSM:

#### Developing Industry Leading Professionals

BSM invests significantly in staff and crew training, fostering future maritime leaders. We host crew conferences and senior management training programs, prioritizing seafarer well-being and safety. Senior Officers conferences in key maritime hubs strengthen crew connections, promote safety culture, and stress effective communication. BSM's commitment to Saudi Vision 2030 is evident through partnerships with institutions like King Abdulaziz University and Saudi Aramco, underscoring their contribution to training over 200 skilled Saudi seafarers in the past 3 years, and supporting nationalization efforts.

#### Forging Maritime Careers, Empowering Futures

BSM fosters the future of shipping with training programs for students and graduates, including SAIF and Cooperative Training. Practical training is provided at select universities.

### Crew Training

In 2023, BSM's training group saw several record-breaking achievements. The first of these was the number of conducted trainings, which exceeded 2,200. Notably, among those are the trainings conducted in compliance with the recent SIRE 2.0 requirements. Courses such as Liquid Cargo Handling Simulator, Bridge Resource Management, and Engine Resource Management, were part of this recent enforcement. Other courses included the Ice Navigation Course for ships navigating in polar waters, which was conducted in a timely manner to satisfy the charter requirement for one of our vessels, which ventured all the way to Alaska.

Moreover, to improve the quality of life on board our ships, the training group has begun Chief Cooks in culinary, hygiene, and inventory management skills training. Furthermore, to meet the demand of having trained engineers on board our latest vessels equipped with electronic main engines, we designed courses such as ME-C and RT-FLEX, specifically following makers specifications. In addition, we held a critical course on Fire Command and Control, which featured a full ship complement to mimic actual firefighting scenarios.

In addition, we have equipped our vessels with training computers, featuring the Ocean Learning Platform with numerous computer-based trainings. We have also launched our training platform for full control.

Finally, the training group operates an inclusive and generous Cadet Training program with 239 cadets from 13 countries receiving training on Bahri ships. The program has a strong focus on supporting young Saudi talent, with 183 Saudi cadets (77%).

### Next Wave of Seafarers

In a strategic partnership with the IMO and TGA, Bahri's Next Wave of Seafarers program aims to address the critical shortage of skilled maritime workers. The initiative is notable for its inclusive approach, particularly through the introduction of the female cadets' program, which champions gender diversity in the maritime workforce. The initiative is a pioneering venture that marks a milestone in fostering gender diversity within maritime careers.

Apart from this, 2023 witnessed a strategic focus on the ship staff, instilling a "Sense of Belonging" among our seafarers through enhanced communication. We were also able to host 4 international crew conferences to update the crew on operating standards. This gave the crew several opportunities to learn from incidents and accidents, receive regulatory updates, and increase overall awareness on seafarer well-being.

### Improvements in Our Technology

Technological advancement is a cornerstone of BSM's strategy. The development of our in-house business software system, MIPS, integrates various ship management functions, underlining our commitment to digitalization and operational efficiency. High-frequency data capturing and transmission systems on our vessels enable real-time monitoring and predictive analysis, enhancing fleet analytics and optimizing performance.

BSM's digitalization initiatives extend to ship performance and management, integrating various subscription-based services into our business software ERP systems and analytics platforms. Cloud-based solutions augment communication between shore and vessel-based teams, allowing for comprehensive monitoring and optimization of fleet operations, including fuel consumption, emissions, maintenance, and safety compliance.

In line with our continued efforts towards digitalization, BSM invested in having hardware and software upgrades on the ships and in the offices. For example, we installed and commissioned SMARTShip® systems on 16 additional vessels, taking the total to 58. The platform provides a comprehensive tool for the monitoring, analyzing, diagnostics, and troubleshooting of various systems on board the vessels.

Throughout the year, BSM used SMARTShip® and data from the MIPS to monitor hull performance and energy consumption, and to run analytics. Moreover, our Fleet Performance Monitoring Center (FPMC), which was set up in 2022, has helped to enhance vessel performance through comprehensive data collection, monitoring, and analytics-based interventions. The onboard crew and ashore operations teams are equipped to oversee equipment and systems, improving predictive maintenance, compliance, and decision-making processes.

BSM's proactive approach to digitalization, data analytics, and technology integration places us at the forefront of maritime innovation. This commitment not only drives operational excellence but also underscores BSM's role as a forward-thinking leader in the maritime sector.

### Health and Safety

In 2023, we continued our focus on training and improving our on board safety culture. As such, we formed a separate group for training the ship staff, with Officers typically spending around 3 weeks on each ship that they visit. During this time, the Officers take the crew through various drills and exercises to prepare them for the voyages.

To further gauge the safety culture within the organization, BSM conducted a OCDI survey on board and in the ship management office. A dedicated OCDI Committee was established to address the weak areas identified in the survey. We have also started the development of a policy and procedure on human elements based on OCIMF guidelines, which will consider various aspects and their influence on human behavior. In addition, BSM has implemented a new initiative of employing our own Master and Chief Engineer as dedicated Safety Training Officers (STO). These STOs will sail on board ships for about 3 weeks to develop and implement on board training after a safety culture assessment.

Bahri's Organizational Awareness and Safety Induction System (OASIS), a pivotal Behavior Based Safety (BBS) initiative launched in late 2022, also saw several positive outcomes this year. By Q2 2023, OASIS had established a solid track record and was well received by crew members, marking a significant achievement in promoting safe behaviors and practices. Through proactivity in safety, identification of safety concerns, analysis of influences on behavior, and positive reinforcement with regular observations, OASIS represents our commitment to a safer operational environment by minimizing the likelihood of accidents and promoting a culture of safety.

BSM has also been looking to standardize many of our operations to optimize costs and increase efficiencies. In line with these efforts, we signed a 5-year contract with a global leading company for Safety, Fire, and Rescue equipment services in 2023.



### Environmental Protection

Bahri is committed to cutting emissions by 50% by 2050 and reducing our environmental impact on the planet's resources by operating more efficiently and ethically. Our Environmental policy coupled with our Environmental Management System (EMS) allow us to track and measure important environmental indicators and respond quickly to any risks or challenges when necessary. Furthermore, the BSM office and all our ships are ISO14001 certified, while adhering to all the Annexes of the International Convention for the Prevention of Marine Pollution from Ships (MARPOL).

As per the IMO's requirements, Bahri has developed a ship-specific Ship Energy Efficiency Management Plan (SEEMP) for each of the ships. The approved Part III of this plan is based on the requirement for the Carbon Intensity Index calculations and their reporting to the IMO, which will be reviewed and updated on an annual basis.

Using SMARTShip®, together with the MIPS and Power BI-driven analytics, we have monitored and analyzed the energy consumption on board the ships to identify areas or operations that could be optimized to reduce fuel. This year, we are on track to manage the GHG Level 1 emissions within the set targets.

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

Another critical component of Bahri's strategy to achieve positive environmental impact is waste management. We generate less waste at Bahri by tracking our waste consumption and disposal, while seeking opportunities to improve the waste management systems in our offices and fleet.

Bahri's ships also comply with the IMO 2020 regulations governing sulfur in fuels, and our vessels comply with the Hong Kong and European Union (EU) conventions governing the Inventory of Hazardous Materials (IHM). When designing new build vessels, Bahri follows elements from the IMO guidelines for reducing underwater noise pollution.

Moreover, as part of our continuous efforts to reduce our negative impact on marine life, all Bahri vessels follow the strict IMO guidelines when sailing in Emission Control Areas or Special Areas as defined under MARPOL. We also avoid sailing in particularly sensitive sea areas and abide by local laws and regulations in this regard.

During 2023, 10 additional vessels were fitted with Ballast Water Treatment Systems which help to protect the marine environment by restricting the transfer of invasive aquatic species through shipping. All Bahri ships are coated with high-performance anti-fouling paints which help to maintain efficient performance and energy consumption. Bahri is committed to complying with the IMO's targets of decarbonization and has implemented various initiatives to monitor and reduce emissions through applying efficient operational measures.



### Looking Ahead

BSM has a positive outlook for the coming year. The planned upgrade of our in-house Mideast Information and Planning System (MIPS), which covers a range of modules for ships' operations, was kicked-off this year and will continue through 2024. We also have ongoing efforts to digitize our forms and checklists, making it easier for our team to access important information and complete tasks.

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

We have also been actively engaged with engine makers, classification societies, and other like-minded institutions in the study of alternative fuels and emission reduction technologies. These information gathering exercises have helped us to shape strategies for meeting the strict GHG reduction targets in the coming years. Overall, we are confident that these initiatives will ensure that we will continue to provide top quality services to our clients and drive the success of our business in 2024 and beyond.



### Awards and Recognitions



## “Ship Manager of the year” by The Maritime Standard Awards

“Letters of Commendation” from the IMO to Captain Anatoliy Golev and the crew of the tanker NCC Najem for their roles in the rescue of 35 survivors who were found in the sea after their vessel capsized, in strong currents and high waves

# Bahri Fleet

We are proactively expanding our fleet and creating innovative approaches to secure more business while optimizing our operational processes.



88 vessels  
owned in 2023



Shipping Company  
of the Year Award



## VLCC Fleet 2023

Ship name	Built	Length (m)	Beam (m)	DWT	No of tanks	Speed (knots)
Marjan	2002	333	58	302,977	17	17
Safwa	2002	333	58	303,139	17	17
Wafrah	2007	333	60	317,788	17	17
Layla	2007	333	60	317,821	17	17
Jana	2008	333	60	317,693	17	17
Habari	2008	333	60	317,664	17	17
Shaybah	2008	333	60	319,428	17	16
Manifa	2008	333	60	319,427	17	16
Jaham	2008	333	60	319,429	17	16
Jaladi	2008	333	60	319,464	17	16
Khuzama	2008	333	60	319,423	17	16
Karan	2009	333	60	319,410	17	16
Kahla	2009	333	60	317,521	17	17
Dorra	2009	333	60	317,458	17	17
Ghazal	2009	333	60	317,388	17	17
Khurais	2018	333	60	298,706	17	15
Lawhah	2018	333	60	298,794	17	15
Qamran	2018	333	60	298,858	17	15
Rayah	2021	333	60	318,990	17	15
Samha	2020	329	60	299,999	17	15
Sanam	2020	329	60	299,999	17	15

Ship name	Built	Length (m)	Beam (m)	DWT	No of tanks	Speed (knots)
Sahba	2009	333	60	317,563	17	17
Farhah	2010	333	60	319,302	17	16
Ghinah	2010	333	60	319,141	17	16
Niban	2010	333	60	319,285	17	16
Nisalah	2010	333	60	319,287	17	16
Kidan	2010	333	60	321,050	17	15
Wedyan	2010	333	60	321,234	17	15
Arsan	2010	333	60	314,000	17	15
Dilam	2010	333	60	314,000	17	15
Awtad	2011	333	60	309,988	17	15
Amjad	2017	333	60	298,886	17	15
Maharah	2017	333	60	298,968	17	15
Aslaf	2017	333	60	298,778	17	15
Rimthan	2017	333	60	298,855	17	15
Shaden	2017	333	60	298,750	17	15
Amad	2018	333	60	298,705	17	15
Kassab	2018	333	60	298,721	17	15

**Total DWT**  
**11,827,889**

## Chemical Tankers Fleet 2023

Ship name	Built	Length (m)	Beam (m)	DWT	No of tanks	Speed (knots)
NCC Tihama	2006	183	32	45,948	22	15
NCC Abha	2006	183	32	45,958	22	15
NCC Tabuk	2006	183	32	45,963	22	15
NCC Qassim	2006	183	32	46,038	22	15
NCC Noor	2011	183	32	45,565	22	15
NCC Huda	2011	183	32	45,459	22	15
NCC Amal	2011	183	32	45,544	22	15
NCC Safa	2011	183	32	45,471	22	15
NCC Danah	2011	183	32	45,579	22	15
NCC Nasma	2011	183	32	45,550	22	15
NCC Shams	2012	183	32	45,468	22	15
NCC Najem	2012	183	32	45,499	22	15
NCC Reem	2012	183	32	45,498	22	15
NCC Sama	2012	183	32	45,471	22	15
NCC Fajr	2013	228	37	81,336	30	14
NCC Qamar	2009	183	32	46,195	22	15
NCC Maha	2009	183	32	46,265	22	15
LORA	2022	183	35	55,202	22	14.5
RENAD	2022	183	35	55,202	22	14.5
MARIA	2022	183	35	55,202	22	14.5
FATIMAH	2022	183	35	55,202	22	14.5
AMIRA	2022	183	35	55,202	22	14.5
HAYAT	2022	183	35	55,202	22	14.5
ZAHRA	2022	183	35	55,202	22	14.5
YAQUT	2022	183	35	55,202	22	14.5
MONA	2022	183	35	55,202	22	14.5
AMWAJ	2023	183	35	55,202	22	15
NCC Bader	2014	183	32	49,000	14	15
NCC Ghazal	2014	183	32	49,990	14	15
NCC Jood	2014	183	32	49,990	14	15
NCC Masa	2014	183	32	49,990	14	15
NCC Wafa	2014	183	32	49,990	14	15

## RoCon Fleet 2023

Ship name	Built	DWT	Draft (m)	Beam (m)	Length (m)	Capacity (GT)	Speed (knots)
Bahri Abha	2013	25,957	10	32	225	50,714	17
Bahri Hofuf	2013	25,901	10	32	225	50,714	17
Bahri Tabuk	2013	25,939	10	32	225	50,714	17
Bahri Jazan	2013	25,901	10	32	225	50,714	17
Bahri Jeddah	2014	25,973	10	32	225	50,714	17
Bahri Yanbu	2014	25,906	10	32	225	50,714	17

## Dry Bulk Fleet 2023

Ship name	Built	DWT	Draft (m)	Beam (m)	Length (m)	Capacity (GT)	Speed (knots)
Bahri Arasco	2013	81,855	14	32	229	43,894	15
Bahri Grain	2014	81,855	14	32	229	43,894	15
Bahri Bulk	2014	81,864	14	32	229	43,894	15
Bahri Wafi	2014	81,855	14	32	229	43,894	15
Bahri Trader	2014	81,855	14	32	229	43,894	15
Sara	2020	80,729	14	32	229	43,735	15
Bahri Ghadah	2019	62,625	14	32	229	43,735	15
Bahri Munira	2020	64,499	14	32	229	43,735	15
ALANOOD	2020	80,729	14	32	229	43,735	15
ALJAZI	2020	80,618	14	32	229	43,735	15
Hessah	2020	80,729	14	32	229	43,735	15

## Clean Petroleum Products (CPP) Fleet 2023

Ship name	Built	Type	Length (m)	Beam (m)	DWT	No of Tanks	Speed (knots)
Bahri Tulip	2006	Tanker	200	32	49,000	14	14

**Total Tanker DWT**  
**2,678,567**

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# 4



At Bahri, our commitment is to be a model of responsibility, integrating sustainable practices into every facet of our business and ingraining ESG principles into the very fabric of our corporate culture.

# Sustainability at Bahri

**Bahri aspires to foster the growth of a thriving, ethical, and resilient enterprise that not only contributes to the Kingdom of Saudi Arabia's economic well-being but also enhances the quality of life for our people and local communities, all while safeguarding the health of our environment.**

In an era where shipping firms are increasingly obligated to comply with a spectrum of evolving environmental, social, and governance (ESG) regulations and standards, there is a growing need for companies to transparently demonstrate how they address the diverse ESG factors and risks that emerge. At Bahri, our commitment is to be a model of responsibility, integrating sustainable practices into every facet of our business and ingraining ESG principles into the very fabric of our corporate culture. Bahri's active involvement in the Sustainable Maritime Industry Conference serves as a clear demonstration of its steadfast dedication to leading the charge for sustainability within the international shipping sector. The Company is committed to align its operations with the revised International Maritime Organization (IMO) Greenhouse Gas (GHG) strategy. This strategy includes reducing annual GHG emissions from international shipping by at least 20% by 2030, 70% by 2040 and reaching net zero GHG emissions by or around 2050. This is underpinned by a commitment to adopt innovative solutions that significantly boost the energy efficiency of our fleet.

## Our Sustainability Management Approach

Through our integrated management approach and sustainability framework, we aim to cultivate agility in adapting to evolving sustainability trends, addressing challenges, and capitalizing on future opportunities. This involves implementing systems and procedures that enable different parts of our organization to work together efficiently towards our sustainability objectives. This integrated approach ensures that sustainability factors are embedded effectively into our decision-making processes across all levels of the organization, allowing us to quickly respond to emerging trends and challenges while also capitalizing on opportunities for sustainable growth.

Our sustainability framework is built upon 4 fundamental pillars: Environmental Protection, Responsible Business, People and Safety, and Creating Value. These pillars encapsulate the ESG topics that hold material significance for our business, aligning with Bahri's overarching corporate strategy and business objectives.

### Responsible Business

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

### People and Safety

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



### Environmental Protection

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

### Creating Value

- Sustainable Supply Chain
- Community Investment and Humanitarian Relief



## Aligning to National and International Priorities

Our sustainability framework not only integrates ESG elements pertinent to our business activities but also aligns with both national and international sustainability priorities. We consistently reaffirm our dedication to the sustainable development of the Kingdom of Saudi Arabia by aligning our commitments and efforts with the Saudi Vision 2030. Globally, we align with the United Nations Sustainable Development Goals (SDGs) to optimize our positive impact.



# Environmental Protection

**Providing a diverse range of maritime logistics solutions, and due to the nature of the industry, Bahri recognizes the environmental risks posed by our operations. As such, we are firmly committed to actively pursuing methods aimed at mitigating the impacts of our activities through the adoption of innovative solutions and advanced technologies.**

Our commitment to excellence in quality and environmental management across all our operations is evident through our current ISO 9001:2015 and ISO 14001:2015 certificates. Guided by our environmental policy ([read more](#)) and supported by our Environmental Management System (EMS), we have the capability to monitor and gauge critical environmental indicators. This enables us to swiftly respond to any identified risks or challenges, ensuring a proactive approach to environmental stewardship.

Additionally, our technical arm, the Bahri Ship Management office, and all our vessels hold ISO14001 certification. We maintain strict adherence to all Annexes of the International Convention for the Prevention of Marine Pollution from Ships (MARPOL), underscoring our dedication to sustainable maritime practices. Our commitment extends beyond certification, as we routinely undergo assessments and continually enhance our management system. This approach is ingrained in our operational philosophy, involving the establishment of tangible targets and the implementation of improvement programs wherever feasible.

Bahri, a global leader in logistics and transportation, demonstrated its unwavering commitment to sustainability at the Sustainable Maritime Industry Conference (SMIC) 2023 in Jeddah, Saudi Arabia. As a gold sponsor and active participant, Bahri showcased its dedication to leading the change towards a greener future in the international maritime industry. Bahri Ship Management's President emphasized the Company's focus on research and development into alternate fuels, highlighting achievements such as improved fleet fuel consumption rates and innovative AI-driven technologies. Bahri's dedication to achieving

the ambitions set by the IMO's GHG strategy underscores its proactive stance in addressing environmental challenges.

## Climate Change and Energy

Aligning with the IMO's GHG strategy, Bahri is diligently working towards achieving net zero emissions by 2050. In accordance with the IMO's requirements we have developed a Ship Energy Efficiency Management Plan (SEEMP) for each vessel, aiming to increase energy efficiency. The approved Part III of these plans adheres to the Carbon Intensity Index calculations and their mandated reporting to the IMO, with regular reviews and updates conducted annually. Bahri's SEEMP outlines targets and requirements for carbon intensities specific to each vessel. Together with the in-house IT and Technical teams, we have set up a dashboard for monitoring daily emissions which are used to analyze and compare across voyages and vessels. This tool not only aids in prediction but also enables us to strategize and implement measures to reduce emissions and enhance energy efficiency.

Our ship performance monitoring tool, "SMARTShip<sup>®</sup>" has been successfully installed and commissioned on 57 vessels. This system seamlessly integrates various on board systems and assets, providing robust analytical capabilities. Through the utilization of "SMARTShip<sup>®</sup>" we have systematically monitored and analyzed energy consumption on board, identifying areas and operations that could be optimized to reduce fuel consumption and, consequently, decrease GHG emissions. This concerted effort has resulted in a slight reduction in our emissions this year.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Direct GHG emissions (Scope 1) intensity	Kgs of CO <sub>2</sub> eq/ Nautical mile*	546.17	538.30	499.29
<b>Other air emissions</b>				
SO <sub>x</sub> intensity	Kg/Nautical mile	1.29	1.30	1.0
NO <sub>x</sub> intensity	Kg/Nautical mile	11.92	11.75	10.89
CO intensity	Kg/Nautical mile	0.63	0.62	0.58
Particles intensity	Kg/Nautical mile	0.85	0.83	0.77

\*Unit has been restated due to a change in measurement methodology.

Our vessels are equipped with dedicated generators for electricity, powered by burning fuel or gas oil. To reduce on board power consumption, we initiated a program in 2021 to replace fluorescent lights with LED lights across a larger portion of our fleet. Recent initiatives have been introduced to monitor energy consumption and implement operational changes. To this end, we have developed baselines and analytical dashboards to track energy usage on each ship during idle conditions (i.e., when no cargo operations are taking place and the ship is not sailing), enabling us to optimize efficiency further.

We employ Power BI-driven analytics to continuously monitor and evaluate energy consumption and efficiency. This includes running comparisons across different groups of vessels and against benchmarked targets to ensure constant monitoring

of our operations. This data-driven approach guides and supports our ships in reducing and optimizing their energy usage. Additionally, by monitoring and benchmarking hull performance parameters, we can proactively plan for hull cleaning if a degradation in performance is detected, potentially attributed to hull fouling.

To ensure proper oversight of energy consumption, Bahri produces quarterly reports shared with the technical operations group. Insights gleaned from these reports have prompted corrective measures, aiding in the optimization of consumption. In 2023, we recorded a slight reduction in electricity consumption. We now report on the intensity of electricity generated per ship to provide a more nuanced understanding of our environmental impact.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
<b>Direct energy consumption</b>				
Fuel oil intensity	Kg/Nautical mile	162.29	157.50	145.92
Gas fuel intensity	Kg/Nautical mile	9.69	11.19	11.15
Total fuel intensity	Kg/Nautical mile	171.98	168.69	157.07
<b>Total energy consumption</b>				
Electricity generated on board	MWh	594,997	627,157	614,164
Electricity generated on board per vessel	MWh/vessel	6,611.08	6,334.92	6,331.60
Total energy consumption	GJ	41,782,821	41,400,343	36,143,540

## Water Management

In pursuit of conscious and sustainable water use at Bahri, we have implemented various management approaches in our day-to-day operations to ensure efficient water utilization. The majority of water consumed on our ships is sourced from on board freshwater generators that harness recovered energy.

Additionally, our vessels are equipped with vacuum toilet flush systems designed to minimize water usage.

The increase in our water consumption is primarily attributed to the expansion of our fleet, reflecting our commitment to monitor and address resource usage in alignment with sustainable practices.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Total water consumption	m <sup>3</sup>	351,020	353,872	372,433

## Waste Management

Recognizing that poor waste management can contribute to air pollution and climate change, impacting various ecosystems and species, we prioritize waste reduction by meticulously tracking our consumption and disposal. This proactive approach allows us to identify improvement opportunities in waste management systems across our offices and fleet.

Furthermore, freshwater generation on board, achieved through waste heat or recovered energy, is a vital aspect of our operations. Water is utilized on board vessels for domestic and cleaning purposes as required. Ensuring the efficient operation of the freshwater generator is paramount, as any underperformance may necessitate the procurement of freshwater from shore facilities. To maintain optimal performance, routine planned maintenance tasks for the freshwater generators are diligently executed.

Despite the implementation of various measures to reduce waste, there has been an observed increase in waste generation, particularly in the categories of food waste and plastics waste. The increase in food waste is largely influenced by the increase in number of vessels undergoing long-term maintenance in dry-dock which requires additional manpower. Plastics waste primarily originates from packaging materials of spares and consumables received on board from shore. While efforts are made to return these materials to the same port of delivery whenever feasible, logistical constraints sometimes prevent this, leading to an accumulation of plastics waste on board. Moreover, the increase in plastics waste may also be attributed to a higher volume of items delivered for the ship's drydock preparations and routine maintenance requirements. These factors collectively contribute to the overall increase in waste generation despite ongoing efforts to mitigate it.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Total waste generated	m <sup>3</sup>	4,769	5,128	5,682
Total waste generated per vessel	m <sup>3</sup> /vessel	53.18	51.80	58.57
Paper consumption (Dubai office)	Kg	1,250	1,685	1,753
Paper consumption on total fleet	Kg	17,360	16,422.5	16,282.5
Paper consumption per vessel	Kg/vessel	192.9	165.9	167.86
Plastic and packaging waste carried on board total fleet	m <sup>3</sup>	1,113.21	1,181.71	1,317.63
Plastic and packaging waste carried on board per vessel	m <sup>3</sup> /vessel	12.37	11.93	13.58
<b>Oil spills</b>				
Total number of oil spills	#	0	1	0
Total volume of spills	L	0	0.2	0

## Biodiversity and Ecological Impact

Bahri's commitment to environmental compliance is evident through its adherence to various regulations and guidelines. Our ships are fully compliant with the IMO 2020 regulations regarding sulfur in fuels and align with the Hong Kong and European Union (EU) conventions governing the Inventory of Hazardous Materials (IHM).

To reduce underwater noise pollution, Bahri incorporates elements from IMO guidelines in the design of new vessels. This includes optimizing hull form design, conducting model tests, and propeller cavitation tests. Regular inspections of the hull and propeller, carried out at least once a year, inform cleaning and polishing actions to maintain optimal conditions, minimizing cavitation and reducing hull resistance - key contributors to noise pollution.

Bahri has a formal policy on reducing marine pollution and biodiversity, with revised targets in 2023 including minimizing clean bilge generation by controlling discharge and reducing cooling water leakages. To mitigate our impact on marine life,

Bahri vessels strictly adhere to IMO guidelines when sailing in Emission Control Areas or Special Areas defined under MARPOL. We avoid sensitive sea areas and comply with local laws. Preventive measures are in place to minimize accidental and operational discharges, such as the temporary conversion of unused tanks on certain vessels to store sewage, eliminating the need for discharge during port calls. Our commitment extends to using compatible fuels, exhaust gas cleaning systems, and restricting solid and liquid waste discharges into the sea.

67% of Bahri's vessels now comply with the D2 standards of the IMO's Ballast Water Management Convention, discharging treated water. This represents a 39% increase over the past 2 years, subsequently increasing the amount of treated water discharged. For vessels yet to comply, they will be fitted with ballast water treatment systems, ensuring adherence to the D2 standard by their individual compliance dates. This approach ensures that ballast water is either treated or exchanged in open seas away from coastal areas.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Total Clean Bilge water discharges to sea*	m <sup>3</sup>	23,208.9	22,725.6	20,901.5
Ballast water discharge - D2 standard*	m <sup>3</sup>	6,195,497	16,085,294	20,868,922
Ballast water treatment - D2 standard	%	28	56	67
Ballast water exchange - D1 standard	%	72	44	33

\*This KPI has been restated to reflect scope of information provided.



# Responsible Business

**Our deep commitment to strong corporate governance and compliance is underscored by our rigorous approach to risk management. Our idea of responsible business goes beyond governance, compliance, and risk management, focusing on creating value as the primary goal and catalyst for sustainable success.**

## Governance and Compliance

Recognizing the susceptibility of the shipping industry to potential instances of financial and governance wrongdoing, Bahri is steadfast in addressing corruption risks through diligent management while striving to bolster transparency through a robust governance approach. Our commitment to conducting business with integrity and transparency is unwavering, as we adhere to a zero-tolerance policy for bribery and corruption ([read more](#)). We are dedicated to ethical, fair, and robust competition, aligning with the principles outlined in Bahri's Code of Business Conduct and Ethics to maintain trust and integrity in all our business endeavors.

Proudly holding official membership in the Maritime Anti-Corruption Network (MACN), a global coalition comprising over 190 companies committed to combating corruption in the maritime industry, Bahri actively contributes to fostering a culture of accountability and integrity within the sector.

At Bahri, we firmly believe in the importance of open communication and feedback as integral components of a healthy and productive workplace. Consequently, the Company actively encourages all employees to voice their concerns, raise complaints, and address any difficulties promptly. Proper and transparent communication is paramount for fostering smooth operations and harmony among our workforce. We have established comprehensive policies that champion transparent and open communication throughout the Company. These policies articulate the principles and ethical culture that we aim to instill in the workplace. As part of our induction process, all new hires are thoroughly briefed on Bahri's policies and procedures. Additionally, employees undergo

regular refresher sessions throughout the year to ensure their full understanding and compliance.

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

## Risk Management

Our Enterprise Risk Management (ERM) framework at Bahri adheres to the requirements outlined in ISO 31000:2018, encompassing a comprehensive evaluation of risk sources and impacts affecting our business.

In our commitment to risk mitigation, Bahri takes proactive measures such as the development and implementation of relevant policies and procedures. These measures are designed to manage identified risks and minimize their occurrence in the future, whenever possible.

All new joiners undergo risk-awareness training, complemented by ongoing risk awareness campaigns. These initiatives are integral to refreshing and embedding the ERM framework throughout the organization, fostering a culture of vigilance and resilience in the face of potential risks.

## Digitization and Innovation

Considering the inherent complexity of the maritime supply chain, Bahri is committed to the digital transformation and optimization of its operations and processes. The Fleet Performance Monitoring Center (FPMC), launched in 2022, is gradually evolving into a centralized support system that furnishes data and

analytics-driven guidance and recommendations for decision-making by technical, safety, and crewing operations staff.

The FPMC empowers onboard crews and operations teams ashore to easily monitor the status of various equipment and systems. Leveraging analytics-driven rapid interventions and machine learning anomaly detection tools, the FPMC contributes to preventing breakdowns, reducing downtime, enhancing predictive maintenance, and ensuring compliance with regulatory standards.

In parallel with these strides in technology, Bahri has recently achieved key certifications to fortify its

operational framework and IT service management. The Company has renewed its BSI certificate in quality and compliance, and was awarded a globally recognized IT certification under the ISO/IEC 20000-1:2018 standard.

Bahri is also actively fortifying its data privacy systems. Robust cybersecurity procedures, coupled with a comprehensive policy, have been developed in alignment with the National Cybersecurity Authority (NCA) regulations and best practices. Notably, Bahri has maintained zero data breaches over the past 3 consecutive years, a testament to its commitment to data security and privacy.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Number of data security breaches	#	0	0	0

## Customer Satisfaction

Customer satisfaction stands as a paramount performance metric for Bahri and is one of the Company's most vital business components. The centrality of customers to our operations prompts us to regularly conduct surveys to gauge their satisfaction and pinpoint potential areas for improvement. Further details on these efforts will be expounded upon in Bahri's 2023 Sustainability Report.

In 2023, Bahri Integrated Logistics underwent a transformation of its systems and processes to elevate the customer experience. This transformation resulted

in providing customers with full visibility for tracking their shipments and introducing digital solutions spanning from booking to payment. Furthermore, a Customer Solutions Department was established with the objective of integrating customers' systems with Bahri Logistics cargo wise systems and solutions, aimed at enhancing process efficiency and reducing cycle time for shipments. Additionally, value-added services such as in-house customs clearance, warehousing solutions, and agency services were incorporated into the package to offer better control and cost-effectiveness, ultimately benefiting the customers.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Customer satisfaction rate*	%	75%	80%	87%

\*Customer satisfaction rate is from Bahri Integrated Logistics

# People and Safety

**At Bahri, we firmly believe that the success of our business endeavors is intrinsically tied to our people, who serve as the backbone of our operations and the driving force behind our continuous achievements.**

The physical and mental health of both onshore and offshore employees is of paramount importance to us, and we consider it a top business priority. Our commitment extends to creating a welcoming and engaging environment that fosters excellence in individuals' chosen careers. This dedication to our people has not gone unnoticed, as evidenced by Bahri received 2 coveted awards at the 7th Global Good Governance (3G) Awards, namely the '3G Championship Award in Human Resource Development' and the '3G Sustainability Reporting Award' from the premier awards program. These accolades affirm our ongoing efforts to prioritize and enhance the well-being of our workforce.

## Human Capital Management

Our accomplishments in the realm of human capital management are intricately aligned with Saudi Vision 2030, which envisions the creation of a vibrant society where all citizens can thrive. To embody this vision, we have implemented a comprehensive array of policies and initiatives. These range from competitive remuneration packages and flexible working options to robust training programs and clear pathways for career progression. Our overall aim is to position Bahri as an employer of choice, not only in the Middle East but also on the global stage.

In the year 2023, our workforce increased by approximately 17%, including a notable increase of about 6% in the number of Saudi nationals within our total workforce.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Full-time employee equivalents (FTEs)	#	567	583	680
<b>Workforce by job category</b>				
Senior management employees	#	57	58	66
Middle management employees	#	140	156	168
Non-management employees	#	370	369	446
<b>Employees by contract</b>				
Permanent contracts	#	567	583	677
Temporary contracts	#	3	10	3
<b>Workforce: offshore and onshore</b>				
Offshore*	#	4,376	4,387	4,205
Onshore	#	567	583	677
<b>Employees by gender</b>				
Females	#	113	131	155
Males	#	454	452	525
<b>Nationalization (onshore)</b>				
Saudi nationals among total full-time workforce globally	%	43	44	47.5
Saudi nationals among total full-time workforce in the Kingdom of Saudi Arabia	%	69	73	77.5
<b>Turnover</b>				
Total turnover rate	%	15	15	12.2

\*Values restated due to system upgrades

## Human Capital Development

Bahri is deeply committed to providing ample opportunities for the growth and development of its employees, aligning with management approaches that adhere to both national and international regulations.

In line with our contribution to Saudi Vision 2030, we actively nurture local talent and support the growth of our industry and the overall economy. The Bahri Training Program (BTP) has successfully trained 39 participants in 2023. Of these participants, 20 trainees enrolled in our Co-operative Training Program (COOP), a short-term (3-7 months) program for undergraduates. The remaining 19 participants were enrolled for the Bahri Graduate Development Program (GDP) which is a paid 10 month fast track program designed for fresh graduates followed by a permanent job opportunity at Bahri.

In 2023, Bahri Ship Management conducted 16 types of training, totaling 152,947 hours of training, averaging 34.8 hours per crew member. This ensures that our crew members receive the necessary training for their roles. As part of talent development initiatives and cost optimization, Bahri Ship Management launched a new in-house e-learning platform comprised of 75 customized courses for Bahri Ship Management's office staff and crew.

Furthermore, our talent development team has conducted a thorough analysis of current job needs and identified gaps to formulate effective individual development plans for our employees. In 2023, the number of employees engaged in trainings increased by a significant 146% due to multiple sessions being introduced during the year.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Total training delivered	Hours	20,112*	7,305	8,200
Average training per employee**	Hours	35.5	12.5	12.1
Number of trainings by males	#	264	347	791
Number of trainings by females	#	94	85	270
<b>Trainees (BTP)</b>				
Number of trainees (BTP)	#	196	29	39
Number of male trainees (BTP)	#	182	16	23
Number of female trainees	#	14	13	16
Percentage of employees who received a performance and career development review	%	90	88	89

\* Figures are significantly higher due to a focus on online training during Coronavirus Disease 2019 (COVID-19).

\*\*2021 and 2022 figures have been restated to align with a new calculation used in 2023.

## Diversity and Inclusion

Bahri views diversity and inclusion not just as policies or headcounts but as integral components of our management philosophy and corporate culture. We recognize that diverse and inclusive workplaces contribute to enhanced employee trust and loyalty, leading to improved business outcomes and a higher likelihood of fostering creativity.

In the year 2023, we proudly welcomed 174 new team members, with 50 of them falling within the age range of 18-30. This signifies a diverse influx of talent, creating an inclusive environment where individuals of various backgrounds and ages contribute to the richness of our organizational culture.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Total number of new employee hires	#	79	92	174
<b>New employee hires by gender</b>				
Female	%	30	33	30
Male	%	70	67	70
<b>New employee hires by age</b>				
Age 18-30	%	51	44	50
Age 31-50	%	38	53	45
Age 51+	%	11	3	5
Number of nationalities	#	52	52	52

\* Figures are significantly higher due to a focus on online training during Coronavirus Disease 2019 (COVID-19).  
\*\*2021 and 2022 figures have been restated to align with a new calculation used in 2023.

## Human Rights

As a responsible maritime business, Bahri recognizes its duty to protect and respect human rights. We firmly believe in the significance of fostering a workplace environment where human rights are upheld, and all individuals are treated with dignity and respect. Consequently, the Company actively encourages all employees to voice their concerns, raise complaints, and address any difficulties promptly, ensuring a culture that prioritizes human rights.

Our Qualifying Life Event (QLE) and related policies serve as staunch advocates for human rights, enforcing strict regulations and measures to prevent abuse, harassment, discrimination, child labor, and slavery. This commitment applies both within our offices and aboard our ships.

To ensure the protection of human rights throughout our entire supply chain, we engage with reputable vendors globally who adhere to best practices, especially in relation to child and forced labor. By partnering with vendors committed to upholding human rights, we actively contribute to fostering a supply chain environment that prioritizes ethical and responsible practices.

## Occupational Health and Safety (OH&S)

Bahri's commitment to health, safety, environmental, and quality (HSEQ) standards is reflected in our comprehensive manual, which establishes high benchmarks for these crucial aspects across all our locations and business areas. The HSEQ manual delineates a detailed approach to environmental health and safety procedures, performance indicators, and enforcement policies.

Furthermore, as part of our commitment to ensuring a safe and healthy work environment, Bahri has implemented a robust OH&S Policy ([read more](#)). This policy is designed to protect the well-being of our employees, contractors, and visitors by identifying and mitigating potential risks and hazards in the workplace.

Our Ship Management is ISO 45001:2018 certified for Occupational Health and Safety (OHS), aligning our management rules and guidelines with international and national standards. These include adherence to conventions such as the Maritime Labor Convention (MLC), the International Convention for the Safety of Life at Sea (SOLAS), the International Safety Management (ISM) Code, and the UAE's federal regulations for workers OHS, among others.

As part of Bahri Ship Management, we have an Occupational Health and Safety (OHS) Committee comprising representatives from each of Bahri's business units. Elected for a 1-year term, these committee members play a pivotal role in investigating incidents, implementing preventive actions, evaluating the OHS risk register, and addressing the health and safety concerns of employees. The Committee conducts quarterly meetings and safety awareness sessions and communicates the outcomes to management.

Bahri is committed to surpassing regulatory standards by providing comprehensive health and safety training that safeguards and nurtures our personnel. Recognizing the distinctive challenges of the seafaring life, we address mental health concerns related to stress, isolation, and family separation through a purposeful program in collaboration with the International Seafarers' Welfare and Assistance Network (ISWAN). Additionally, Bahri actively supports the commendable efforts of the Mission to Seafarers, extending responsible assistance to care for abandoned seafarers and their families.

To gain deeper insights into our Company's day-to-day operations and enhance data analysis for targeted improvements, we have formulated a Human Factors Policy. This policy, introduced in 2023, promotes and supports excellence across all ship operations, emphasizing the crucial role of human factors in preventing major incidents and fostering a safer working environment.

The implementation of the Human Factors Policy extends both on board and ashore in the Ship Management office. Human factors are now seamlessly integrated into various aspects of our operations, including daily work planning, risk assessment, safety meetings, investigations, work design, procedure writing, and procedure review processes. Additionally, key office staff have undergone specialized human factor training, while awareness programs have become an integral part of the ship's staff on board training.

Building on our efforts from 2022, in 2023, we continued to advance the Bahri Oasis initiative, a behavior-based safety program, with the guidance of an expert in this field. As a crucial component of this initiative, we established a steering committee within the office. This committee underwent rigorous training and now spearheads the project. Furthermore, we have trained 400 seafarers to date, and a specialized team onshore is diligently monitoring and analyzing all observed behavioral data. Our overarching goal is to mitigate at-risk behaviors effectively.

In 2023, Bahri experienced a 522.5% increase in the total hours of HSE (Health, Safety, and Environment) training provided to employees, attributed to the implementation of new training programs focusing on fire safety, enclosed space entry, and cooking.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Employee fatalities	#	0	1	0
Contractor fatalities	#	0	0	0
Total recordable case frequency (TRCF)	#	1.41	0.54	0.64
Lost time injury frequency (LTIF)	#	0.52	0.29	0.35
Total number of health and safety audits	#	114	118	106
Total hours of HSE training provided	Hours	210	320	1992
Percentage of employees who received HSE training	%	100	100	100

# Creating Value

**Bahri is unwavering in its commitment to create value for its stakeholders and contribute to the local economy. This is demonstrated through consistent efforts to enhance economic performance and invest in projects that bring positive impacts not only to the Company but also to our supply chain and the broader community.**

The leadership style at Bahri revolves around creating value, which is evident in our vision and goals, guiding every aspect of our operations. We are dedicated to generating a positive and enduring impact in our community, the maritime industry, and the environment. In pursuit of these goals, Bahri employs the Asset-Based Community Development (ABCD) strategy. This strategy involves forming collaborations with various institutions to cultivate and develop local talent, ensuring a broader reach that encompasses all demographics in the Kingdom of Saudi Arabia.

## Sustainable Supply Chain

Bahri acknowledges the collective responsibility we all share in promoting sustainable development within our communities. We firmly believe that by thoughtfully selecting our suppliers, we can make significant contributions to the development of a sustainable supply chain, thereby generating long-term value for the Company, its stakeholders, and the local community.

While recognizing that we may not have direct control over the actions of all stakeholders in our supply chain, we strive to ensure that our values and standards are upheld whenever we engage with them. This involves communicating our views on issues such as human rights, corruption, and environmental stewardship. Our vendors are required to adhere to our procurement contract terms and conditions, which includes conflict-of-interest and anti-corruption provisions which reserves Bahri's authority to terminate the contract in case of any breaches.

For enrolment to the approved vendor list, suppliers must meet our stringent pre-qualification criteria, covering various principles of the Code of Conduct, including adherence to our ethical business policy and compliance with Occupational Health and Safety (OH&S) standards, in line with our quality management systems. Additionally, vendor proposals are evaluated by taking into consideration the environmental and energy efficiency related impacts associated with the projects.

Our established procedure mandates annual audits of critical vendors, particularly those that have a substantial impact on safety, environment, and quality, in addition to relevant financial considerations based on our set criteria. Furthermore, in line with our commitment to sustainability, Bahri collaborates with selected shipyards in China for vessel repairs and dry dockings. Utilizing environmentally conscious methods and equipment, such partnerships facilitate the vessels obtaining certificates of decarbonization.

The audit criteria encompass ISO standards for Quality Management, Environmental and Energy Management, and Occupational Health and Safety, depending on the nature of the vendors. During the year 2023, a total of 24 critical vendors underwent screening against various environmental and social criteria, with none identified as having potential negative impacts.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Number of suppliers that were subject to audit	#	25	31	24
Number of suppliers identified as having significant actual and potential negative impacts	#	0	0	0

Supporting the development of the local economy, we actively seek opportunities to engage with local suppliers. This year, we successfully brought on board an additional local supplier and plan to further expand our engagement with local suppliers in the future.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Total number of suppliers engaged	#	677	729	736
Total number of local suppliers engaged	#	29	38	39
Percentage of spending on local suppliers	%	18	18	24.8

Note: The data in this table is related to fleet operations and maintenance only.

## Community Investment

As a responsible corporate citizen, Bahri plays a significant role in supporting the local community and understands the positive impacts it can have on people, the environment, and the economy.

At Bahri, we actively engage in initiatives that benefit both our local and wider communities. Exemplified by our Cadet Training Program, which includes partnerships with institutes such as the King Abdulaziz University, Saudi Aramco, National Maritime Academy, and International Maritime College Oman, Marine Science students are provided with the opportunity to gain practical experience aboard Bahri vessels, bridging academic knowledge with real-world applications. In 2023, 239 cadets were trained.

Also, in 2023, a Letter of Intent (LoI) was signed between Bahri, the International Maritime Organization (IMO), and Transport General Authority (TGA) for implementation of the pilot project supporting the "Next Wave of Seafarers (NWS)".

The object of this project is to provide opportunities for the training of cadet seafarers initially in cooperation with Bahri, thus encouraging global participation in similar projects to address crew shortages as well as research into the future of seafarers. to develop and implement 'Next Wave of Seafarers', an advanced training programme for training cadets. This showcases our commitment to sustaining the shipping industry, intending to address the shortage of trained seafarers, and strengthening the Kingdom of Saudi Arabia's global maritime presence.

We have proudly increased our community investment from SAR 2,000,294 in 2022 to SAR 4,897,645 in 2023. It is worth highlighting that the notable increase can be largely attributed to an increase in number of participants in the Saudi cadet training program, contributing to SAR 1,965,701. of the total amount of community investment. Bahri remains committed to its role in supporting the local community and will continue to explore avenues for meaningful engagement and positive contributions.

Key Performance Indicators (KPIs)	Unit	2021	2022	2023
Amount of community investment	SAR	2,633,434	2,000,293	4,897,645

## Governance

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# 5



**Bahri plays a key role as the exclusive maritime shipping provider for Saudi Aramco to the USA, Europe, and the Far East.**

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# Board of Directors



**Mr. Mohammed Abdulaziz Al Sarhan**  
Chairman



**Mr. Fahad Abduljalil Al Saif**  
Vice Chairman



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



**Dr. Abdulmalik Abdullah Al Hogail**  
Board Member



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



**Mr. Saleh Abdullah Al Debasi**  
Board Member



**Mr. Raid Abdullah Ismail**  
Board Member



**Mr. Saeed Abdullatif Al Hadrami**  
Board Member



**Eng. Mohammed Khalifa Al Mulhim**  
Board Member



**Mr. Jesper Kjaedegaard**  
Board Member

## Governance Structure

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

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

## Board Composition and Member Classification

Bahri's Board of Directors is composed of 10 members - the following table outlines Board composition in 2023 and the positions of its members

Name	Membership Classification
Mr. Mohammed Abdulaziz Al Sarhan	Non-Executive
Mr. Fahad Abduljalil Al Saif	Independent
Dr. Abdulmalik Abdullah Al Hogail	Independent
Eng. Ahmed Ali Al Subaey	Executive
Eng. Ibrahim Qassim Al Buainain	Independent
Eng. Mohammed Khalifa Al Mulhim	Independent
Mr. Raid Abdullah Ismail	Independent
Mr. Saleh Abdullah Al Debasi	Non-Executive
Mr. Saeed Abdullatif Al Hadrami	Independent
Mr. Jesper Kjaedegaard	Independent

## Board Meetings held during 2023 and Attendance Sheets

Number of Meetings: 8 Meetings

Name	Nature of Membership	First Meeting 25/1/2023	Second Meeting 22/2/2023	Third Meeting 14/3/2023	Fourth Meeting 18/6/2023	Fifth Meeting 12/9/2023	Sixth Meeting 2/11/2023	Seventh Meeting 6/12/2023	Eighth Meeting 7/12/2023	Total
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	Present	Present	Present	Present	Present	Present	Present	Present	8
Mr. Fahad Abduljalil Al Saif	Vice Chairman	Present	Present	Present	Present	Absent	Present	Present	Present	7
Dr. Abdulmalik Abdullah Al Hogail	Board Member	Present	Absent	Present	Present	Present	Present	Present	Present	7
Eng. Ahmed Ali Al Subaey	Board Member	Present	Present	Present	Present	Present	Present	Present	Present	8
Eng. Ibrahim Qassim Al Buainain	Board Member	Present	Absent	Present	Present	Present	Absent	Present	Present	6
Eng. Mohammed Khalifa Al Mulhim	Board Member	Present	Absent	Present	Absent	Present	Present	Present	Present	6
Mr. Raid Abdullah Ismail	Board Member	Present	Absent	Absent	Present	Present	Present	Present	Present	6
Mr. Saleh Abdullah Al Debasi	Board Member	Present	Present	Present	Present	Present	Present	Present	Present	8
Mr. Jesper Kjaedegaard	Board Member	Present	Present	Present	Present	Present	Present	Present	Present	8
Mr. Saeed Abdullatif Al Hadrami	Board Member	Present	Present	Present	Present	Present	Absent	Present	Present	7

## Board Committees

### A brief description of the board committees and their responsibilities

Board Committees and their tasks and responsibilities, and member classification during the year 2023.

#### Audit Committee

##### Tasks and Responsibilities

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

#### Audit Committee Meetings and Attendance Sheet

Number of Meetings: 6 Meetings

Name	Nature of Membership	First Meeting 30/1/2023	Second Meeting 2/3/2023	Third Meeting 8/5/2023	Fourth Meeting 27/7/2023	Fifth Meeting 25/10/2023	Sixth Meeting 6/11/2023	Total
Dr. Abdulmalik Abdullah Al Hogail	Chairman	Present	Present	Present	Present	Present	Present	6
Mr. Saleh Abdullah Al Debasi	Board Member	Present	Present	Present	Present	Present	Present	6
Eng. Mohammed Khalifa Al Mulhim	Board Member	Present	Present	Present	Present	Present	Present	6
Mr. Mohammed Ibrahim Al Arifi*	Board Member	Present	Present	Present	Present	Present	Present	6

\*Mr. Mohammed Ibrahim Al Arifi is a non-board committee member with a Bachelor's in Accounting from King Saud University in the Kingdom of Saudi Arabia. He has worked in various functional fields, currently serving as the CEO of Group Finance at Awj Holding Company, a closed joint-stock company specializing in institutional investments in assets, finance, private equity, and real estate.

Previous roles include:

- Chief Financial Officer of Mohammed Ibrahim Alsubaei & Sons Investment Co (MASIC), a closed joint-stock company operating in the institutional investment sector in financial assets, stocks, private equity, and real estate, from August 2014 to December 2016
- Chief Financial Officer at Elm Company, a public joint-stock company in the technology, electronic services, and interconnection sector, from August 2004 to August 2014
- Chief Auditor at Ernst & Young, a limited professional company providing auditing and professional services, from July 2002 to July 2004
- Senior Auditor at Arthur Andersen, a limited professional company in the auditing and professional services sector, from January 1998 to June 2002

Mr. Mohammed Al Arifi holds several board and committee memberships, including the following:

Company	Nature of Membership	Legal Entity	Location	Membership
Alpha Capital	Vice Chairman	Joint-Stock - unlisted	Inside KSA	Current
National Water Company (NWC)	Committee Member	Joint-Stock - unlisted	Inside KSA	Current
Tahakom Investment Company	Committee Member	Joint-Stock - unlisted	Inside KSA	Current
The Saudi Tourism Investment Company (ASFAR)	Committee Chairman	Joint-Stock - unlisted	Inside KSA	Current
Saudi Jordanian Investment Fund Company	Committee Member	Joint-Stock - unlisted	Inside KSA	Current
Wave Media Advertising Company	Board Member and Committee Chairman	Joint-Stock - unlisted	Inside KSA	Current
Ray Holding Company	Vice Chairman	Limited Liability Company	Inside KSA	Current
Beta Medical Laboratories	Vice Chairman	Limited Liability Company	Inside KSA	Current
Madac Academy Company	Committee Member	Non-profit Limited Liability Company	Inside KSA	Current
Mohammed Ibrahim Al-Subaie Charity Foundation (Ghoroos)	Committee Member	Private Foundation	Inside KSA	Current
Sackville Capital, United Kingdom	Board Member and Committee Member	Limited Liability Company	Outside KSA	Current
Elm Company	Board Member and Committee Member	Joint-Stock - listed	Inside KSA	Previous
Leejam Sports Company	Board Member and Committee Chairman	Joint-Stock - listed	Inside KSA	Previous
Mohammed Ibrahim Alsubaei & Sons Investment Company (MASIC)	Committee Member	Joint-Stock - unlisted	Inside KSA	Previous
Masic Logistics Company	Board Member and Committee Chairman	Joint-Stock - unlisted	Inside KSA	Previous
Saudi Aviation Information Technology Company	Board Member and Committee Chairman	Limited Liability Company	Inside KSA	Previous
King Abdulaziz and his Companions Foundation for Giftedness and Creativity (Mawhiba)	Committee Member	Private Foundation	Inside KSA	Previous
King Fahd Medical City	Committee Member	Governmental	Inside KSA	Previous

**Nomination and Remuneration Committee****Tasks and Responsibilities**

- Ensures that the Board is composed of individuals capable of undertaking their responsibilities in line with the law and highest governance standards
- Ensures the implementation of appropriate measures that evaluate the remuneration granted to Board members and senior Executives
- Develops and obtains approval from the Board of Directors on a clear policy on the remuneration of Board members, Committee members, and Executive management members
- Conducts periodic reviews of the remuneration policy and evaluates its efficiency
- Defines key performance indicators (KPIs) for all Board and Committee members and conducts annual performance appraisals against such KPIs
- Controls and monitors the selection process for senior Executives
- Ensures there is an active succession plan and that it is periodically updated
- Develops a set of governance standards that define the main responsibilities of the Board and its Committees, in addition to reviewing human resources-related duties, policies, and programs as well as formulating relevant recommendations to the Board and implementing them
- Ensures compliance with corporate governance guidelines and regulations issued by regulatory and supervisory bodies and authorities

**Nomination and Remuneration Committee Meetings and Attendance Sheet**

Number of Meetings: 10 Meetings

Name	Nature of Membership	First Meeting 1/1/2023	Second Meeting 15/1/2023	Third Meeting 20/2/2023	Fourth Meeting 18/3/2023	Fifth Meeting 4/4/2023	Sixth Meeting 10/5/2023	Seventh Meeting 11/6/2023	Eighth Meeting 6/9/2023	Ninth Meeting 16/10/2023	Tenth Meeting 30/10/2023	Total	
Mr. Khalifa Abdullatif Al Mulhim	Chairman	Present	Present	His membership on the Board ended on 16 <sup>th</sup> January 2023, and Mr. Jesper Kjaedegaard was elected as his replacement									2
Mr. Abdulrahman Mohammed Al Suhaibani	Board Member	Present	Present	His membership on the Board ended on 16 <sup>th</sup> January 2023, and Mr. Saleh Abdullah Al Debasi was elected as his replacement									2
Mr. Jesper Kjaedegaard	Chairman	-	-	Present	Present	Present	Present	Present	Present	Present	Present	8	
Mr. Saleh Abdullah Al Debasi	Board Member	-	-	Present	Present	Present	Present	Present	Present	Present	Present	8	
Mr. Mohammed Abdulaziz Al Sarhan	Board Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	10	
Mr. Raid Abdullah Ismail	Board Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Absent	9	

**Executive Committee****Tasks and Responsibilities**

- Works with the Executive management to develop the Company's investment strategy and policy in line with the nature of its work, the activities it practices, and the risks it is exposed to, and formulates relevant recommendations to obtain relevant Board approvals
- Periodically reviews the investment strategy and policy to ensure its alignment with the changes that may occur to the environment in which the Company is operating, the regulations governing its business, or its strategic objectives
- Ensures compliance with the provisions of the Company's Articles of Association, as well as all applicable laws, rules, and regulations with regards to all investment activities of the Company
- Applies due diligence and conducts appropriate feasibility studies for investment opportunities to make effective and wise investment decisions
- Approves investment and reinvestment of Company's capital within the defined limits in line with the authority matrix applicable in the Company
- Defines the standards for selecting investment managers/advisors, periodically reviews their performance, and approves the ending of their service
- Generally oversees investment activities of the Company and develops appropriate measures to evaluate and assess investment performance to ensure compliance with investment policies and guidelines and achieve sought objectives
- Monitors the Company's investments via reviewing the periodic reports of the Executive management
- Evaluates investment performance based on comparing actual returns against the Company's investment return targets
- Studies and evaluates the investment opportunities proposed by the Executive management

**Executive Committee Meetings and Attendance Sheet**

Number of Meetings: 3 Meetings

Name	Nature of Membership	First Meeting 14/2/2023	Second Meeting 12/4/2023	Third Meeting 31/8/2023	Total
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	Present	Present	Present	3
Mr. Fahad Abduljalil Al Saif	Board Member	Present	Present	Present	3
Eng. Ahmed Ali Al Subaey	Board Member	Present	Present	Present	3
Mr. Raid Abdullah Ismail	Board Member	Present	Present	Present	3
Mr. Saeed Abdullatif Al Hadrami	Board Member	Present	Present	Present	3

## Board of Directors and Board Committees' Compensations and Bonuses for 2023

### A) Board Compensations and Bonuses

	Fixed amount (SAR)	Fixed Bonuses						Variable Bonuses						Grand Total (SAR)	Expenses Allowance
		Board meetings attendance allowance (SAR)	Total Committee meetings attendance allowance (SAR)	In-kind benefits (SAR)	Technical, administrative, and advisory work compensation (SAR)	Bonus of the Chairman, Managing Director or secretary, if he/she is a Board member (SAR)	Total (SAR)	Percentage of the profits (SAR)	Periodic bonuses (SAR)	Short-term incentive plans (SAR)	Long-term incentive plans (SAR)	Granted shares (SAR)	Total (SAR)		
<b>First: Independent Members</b>															
Mr. Fahad Abduljalil Al Saif	694,000	33,000	9,000	-	-	-	736,000	-	-	-	-	-	-	736,000	-
Dr. Abdulmalik Abdullah Al Hogail	749,184	36,000	36,000	-	-	-	821,184	-	-	-	-	-	-	821,184	-
Eng. Ibrahim Qassim Al Buainain	488,535	33,000	-	-	-	-	521,535	-	-	-	-	-	-	521,535	-
Eng. Mohammed Khalifa Al Mulhim	578,000	30,000	18,000	-	-	-	626,000	-	-	-	-	-	-	626,000	-
Mr. Raid Abdullah Ismail	880,000	30,000	40,000	-	-	-	950,000	-	-	-	-	-	-	950,000	-
Mr. Jesper Kjaedegaard	734,000	39,000	24,000	-	-	-	797,000	-	-	-	-	-	-	797,000	-
Mr. Saeed Abdullatif Al Hadrami	694,000	36,000	9,000	-	-	-	739,000	-	-	-	-	-	-	739,000	-
<b>Total</b>	<b>4,817,719</b>	<b>237,000</b>	<b>136,000</b>	-	-	-	<b>5,190,719</b>	-	-	-	-	-	-	<b>5,190,719</b>	-
<b>Second: Non-Executive Members</b>															
Mr. Mohammed Abdulaziz Al Sarhan	1,028,000	42,000	43,000	-	-	-	1,113,000	-	-	-	-	-	-	1,113,000	-
Mr. Saleh Abdullah Al Debasi	879,248	39,000	54,000	-	-	-	972,248	-	-	-	-	-	-	972,248	-
<b>Total</b>	<b>1,907,248</b>	<b>81,000</b>	<b>97,000</b>	-	-	-	<b>2,085,248</b>	-	-	-	-	-	-	<b>2,085,248</b>	-
<b>Third: Executive Members</b>															
Eng. Ahmed Ali Al Subaey	550,000	45,000	18,000	-	-	-	613,000	-	-	-	-	-	-	613,000	-
<b>Total</b>	<b>550,000</b>	<b>45,000</b>	<b>18,000</b>	-	-	-	<b>613,000</b>	-	-	-	-	-	-	<b>613,000</b>	-

### B) Board Committees' Compensations and Bonuses

	Fixed Bonuses (excluding meetings attendance allowance) (SAR)	Meetings Attendance Allowance (SAR)	Total (SAR)
<b>Audit Committee Members</b>			
Dr. Abdulmalik Abdullah Al Hogail	250,000	36,000	286,000
Eng. Mohammed Khalifa Al Mulhim	200,000	18,000	218,000
Mr. Saleh Abdullah Al Debasi	200,000	30,000	230,000
Mr. Mohammed Ibrahim Al Arifi*	200,000	36,000	236,000
<b>Total</b>	<b>850,000</b>	<b>120,000</b>	<b>970,000</b>
<b>Nomination and Remuneration Committee Members</b>			
Mr. Jesper Kjaedegaard	250,000	24,000	274,000
Mr. Saleh Abdullah Al Debasi	200,000	24,000	224,000
Mr. Mohammed Abdulaziz Al Sarhan	200,000	34,000	234,000
Mr. Raid Abdullah Ismail	200,000	31,000	231,000
<b>Total</b>	<b>850,000</b>	<b>113,000</b>	<b>963,000</b>
<b>Executive Committee Members</b>			
Mr. Mohammed Abdulaziz Al Sarhan	250,000	9,000	259,000
Mr. Fahad Abduljalil Al Saif	200,000	9,000	209,000
Eng. Ahmed Ali Al Subaey	50,000	18,000	68,000
Mr. Raid Abdullah Ismail	200,000	9,000	209,000
Mr. Saeed Abdullatif Al Hadrami	200,000	9,000	209,000
<b>Total</b>	<b>900,000</b>	<b>54,000</b>	<b>954,000</b>

\*Mr. Mohammed Ibrahim Al Arifi is a non-board committee member

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

The charter of the Nomination and Remuneration Committee has been disclosed in the announcement published on 5th December 2023 on the Saudi Stock Exchange's (Tadawul) website inviting shareholders to attend the Company's second Ordinary General Assembly. On 26th December 2023, the General Assembly of Shareholders approved the charter, which stated that the Nomination and Remuneration

Committee should prepare a clear policy on the compensation and bonuses of Board members, Committees, and Executive management. Additionally, the same policy should be presented to the Board of Directors to obtain final approval without prejudice to the provisions of the Companies Law and Corporate Governance Regulations. The Board approved the Compensation and Bonuses Policy on 2nd November 2023.

## Interest, contractual securities or rights issue of the Board members, senior Executives and their relatives on shares or debt instruments of the Company or its affiliates during 2023

Board Members	Positions	No. of Shares Period Start	No. of Shares Period End	Net Change
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	501,250	751,875	250,625
Mr. Fahad Abduljalil Al Saif	Vice Chairman	-	-	-
Dr. Abdulmalik Abdullah Al Hogail	Board Member	225,000	337,500	112,500
Eng. Ahmed Ali Al Subaey	Board Member	-	-	-
Eng. Ibrahim Qassim Al Buainain	Board Member	-	-	-
Mr. Saleh Abdullah Al Debasi	Board Member	-	-	-
Mr. Saeed Abdullatif Al Hadrami	Board Member	-	-	-
Mr. Raid Abdullah Ismail	Board Member	-	-	-
Eng. Mohammed Khalifa Al Mulhim	Board Member	-	-	-
Mr. Jesper Kjaedegaard	Board Member	-	-	-
Mr. Abdulrahman Mohammed Al Suhaibani	Board Member whose membership ended on 16 <sup>th</sup> January 2023	312	-	-
Mr. Yasser Abdulaziz Al Kadi	Board Member whose membership ended on 16 <sup>th</sup> January 2023	31,250	-	-
Mr. Khalifa Abdullatif Al Mulhim	Board Member whose membership ended on 16 <sup>th</sup> January 2023	1,250	41,790	40,540

Senior Executives	Positions	No. of Shares Period Start	No. of Shares Period End	Net Change
Eng. Ahmed Ali Al Subaey	CEO	-	-	-
Mr. Abdulaziz Abdullah Aloud	Acting Chief Financial Officer	-	-	-
Mr. Hisham Hussien Al Khaldi	Chief Support Officer	700	0	0
Mr. Soror Basalom	President of Bahri Integrated Logistics	-	-	-
Mr. Hisham Nasir Al Nughaimish	President of Bahri Oil	-	-	-
Mr. Faisal Sadad Al Hussein	President of Bahri Chemical	-	-	-
Eng. Mohammed Abdulaziz Bin Battal	President of Bahri Dry Bulk	-	-	-
Eng. Khalid Yousef Al Hammad	President of Bahri Ship Management	-	-	-

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

## Board Members' Biographies



### Mr. Mohammed Abdulaziz Al Sarhan

Mr. Mohammed Abdulaziz Al Sarhan holds a BSc. in Mathematics and Computer Science from Oregon State University, USA. Mr. Al Sarhan has also studied many specialized courses at international universities such as Harvard University, London Business School, and IMD Institute in Switzerland.

#### Previous roles include:

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

#### Board memberships:

Company	Legal Entity	Location	Membership
The National Shipping Company of Saudi Arabia (Bahri)	Joint-Stock – listed	Inside KSA	Current
Saudi Airlines Catering Company (SACC)	Joint-Stock – listed	Inside KSA	Current
Almozaini Real Estate Company	Joint-Stock – closed	Inside KSA	Current
Al Sharq Ready-Mix Concrete Company	Limited Liability Company	Inside KSA	Current
Al Safi Danone Company	Limited Liability Company	Inside KSA	Previous
Al Faisaliah Group Holding (AFG)	Joint-Stock – unlisted	Inside KSA	Previous
Saudi Civil Aviation Holding Company (SAVC)	Joint-Stock – unlisted	Inside KSA	Previous
Goknur Foods Import Export Trading and Distribution Company	Limited Liability Company	Outside KSA	Previous
Venture Capital Bank	Limited Liability Company	Outside KSA	Previous
IKEA Company Saudi Arabia and Bahrain	Joint-Stock – unlisted	Inside KSA	Previous
Bayan Realty Estate Company	Limited Liability Company	Inside KSA	Previous
Saudi Arabia Public Transport Company (SAPTCO)	Joint-Stock – listed	Inside KSA	Previous
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Previous
Bahri Chemicals Company	Limited Liability Company	Inside KSA	Previous



### Mr. Fahad Abduljalil Al Saif

Mr. Fahad Abduljalil Al Saif holds a Bachelor's in Management Information Systems from King Fahd University of Petroleum and Minerals. Currently, he serves as the Head of Global Capital Finance Division at Saudi Arabia's Public Investment Fund. Previously he worked in various functional fields and held several senior positions at the Saudi British Bank (SABB). Additionally, Mr. Al Saif worked as an Advisor to His Excellency, the Minister of Finance, and established and headed the Public Debt Management Office for the Ministry of Finance.

#### Board memberships:

Company	Legal Entity	Location	Membership
Aircraft Leasing Company (AVILEASE)	Joint-Stock – closed	Inside KSA	Current
Emaar Company (KAEC)	Joint-Stock – unlisted	Inside KSA	Current
King Salman Airport Development Company	Joint-Stock – closed	Inside KSA	Current
Saudi Real Estate Refinance Company	Joint-Stock – closed	Inside KSA	Current
Voluntary Carbon Market Company	Joint-Stock – closed	Inside KSA	Current
ACWA Power	Joint-Stock – listed	Inside KSA	Current
NEOM	Joint-Stock – closed	Inside KSA	Current
Gulf International Bank	Joint-Stock – closed	Outside KSA	Current



### Dr. Abdulmalik Abdullah Al Hogail

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

#### Previous roles include:

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

#### Board memberships:

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



### Eng. Ahmed Ali Al Subaey

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

#### Previous roles include:

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

#### Board memberships:

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



### Eng. Ibrahim Qassim Al Buainain

Eng. Ibrahim Qassim Al Buainain holds a BSc. in Mechanical Engineering and a Master's in Global Business Administration, Innovation, and Leadership from the Massachusetts Institute of Technology (MIT), USA. He has also graduated from the Executive Development Program (IMD), Switzerland. Eng. Al Buainain is currently the Vice President of Oil Supply Sales, Trade, and Planning for Bahri.

#### Previous roles include:

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

#### Board memberships:

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



### Mr. Raid Abdullah Ismail

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

#### Previous roles include:

- Senior Director of Middle East and North Africa Investments
- General Manager of Mawarid Food Company Limited (MFC)
- Managing Partner of the House of Retail Company (LLC)
- CEO of the Saudi Tadawi Healthcare Company
- General Manager of Olayan Food Services Company (OFS)
- Deputy of Finance Department for the Capital Market Authority
- Senior Manager of Global Investment Banking Advisory at HSBC BANK

#### Board memberships:

Company	Legal Entity	Location	Membership
Elm Information Security Company (ELM)	Joint-Stock – listed	Inside KSA	Current
ACWA Power Company	Joint-Stock – listed	Inside KSA	Current
GDC Middle East Company	Joint-Stock – closed	Inside KSA	Current
National Agricultural Development Company (NADEC)	Joint-Stock – listed	Inside KSA	Current
Tahakom Investments Company	Joint-Stock – unlisted	Inside KSA	Current
The Helicopter Company	Joint-Stock – unlisted	Inside KSA	Current
Cruise Saudi Company	Joint-Stock – unlisted	Inside KSA	Current
NUPCO Company	Joint-Stock – unlisted	Inside KSA	Current
Americana Restaurants International	Joint-Stock – listed	Outside KSA	Current
Noon Company	Joint-Stock – closed	Inside KSA	Current
Saudi Company for Artificial Intelligence (SCAI)	Joint-Stock – unlisted	Inside KSA	Current
Lean Company	Joint-Stock – unlisted	Inside KSA	Current
Riyadh Air	Joint-Stock – unlisted	Inside KSA	Current

### Eng. Mohammed Khalifa Al Mulhim

Eng. Mohammed Khalifa Al Mulhim holds a Bachelor's in Industrial Engineering from King Fahd University of Petroleum and Minerals and has completed several Executive leadership programs, including the Executive University Program at the Institute for Management Development (IMD) in Switzerland.

He is currently the CEO of Aramco Trading Company. He also held several different management positions at Saudi Aramco, including Vice President of Supply and Trading at Aramco Trading Company, and Managing Director for Saudi Petroleum Limited in Singapore. Eng. Al Mulhim has 30 years of experience in the oil and gas industry.



#### Board memberships:

Company	Legal Entity	Location	Membership
Aramco Trading Company – Fujairah	Limited Liability Company	Outside KSA	Current
Aramco Trading Company – Singapore	Limited Liability Company	Outside KSA	Current
Aramco Trading Company – London	Limited Liability Company	Outside KSA	Current
Arab Petroleum Pipelines Company (SUMED)	Joint-Stock – listed	Outside KSA	Current



### Mr. Saleh Abdullah Al Debasi

Mr. Saleh Abdullah Al Debasi holds a Master's in General Management from the University of Pittsburgh in the USA and a Bachelor's in Scientific Management. Mr. Al Debasi is currently the Deputy Chief of State Security for Financial Affairs and Support Services at the Presidency of State Security.

#### Previous role include:

- Deputy Chief of State Security for Financial Affairs and Support Services at the Presidency of State Security (currently on the job)
- Undersecretary of the Ministry of Finance for Budget and Organization Affairs (Previous)

#### Board memberships:

Company	Legal Entity	Location	Membership
Tatweer Educational Transportation Services Company	Limited Liability Company	Inside KSA	Current
Almoammar Information Systems Company	Joint-Stock – listed	Inside KSA	Current
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Previous
Tatweer Education Holding Company	Limited Liability Company	Inside KSA	Previous
Marafiq Services Company	Joint-Stock – unlisted	Inside KSA	Previous
Asma Invest	Limited Liability Company	Outside KSA	Previous

### Mr. Saeed Abdullatif Al Hadrami

Mr. Saeed Abdullatif Al Hadrami holds a Bachelor's in Industrial Management Sciences and a Master's in Business Administration, both from King Fahd University of Petroleum and Minerals. Additionally, he attended the General Management Program at Harvard Business School, USA.

With diverse experience spanning over 36 years in the oil and gas industry, Mr. Al Hadrami has been involved in various industrial, commercial, and governmental roles both locally and internationally. He served as the Vice President of Saudi Arabian Oil Company (Aramco) from 1990 to 2021, and as the President of the Saudi Center for International Strategic Partnerships in Riyadh from 2016 to 2017. Furthermore, he worked with the Unified Saudi Electricity Company in Dammam from 1985 to 1990.



#### Board memberships:

Company	Legal Entity	Location	Membership
Saudi Ground Services Company	Joint-Stock – listed	Inside KSA	Current
SATORP Company	Joint-Stock – unlisted	Inside KSA	Previous
Tas'helat Marketing Co.	Joint-Stock – unlisted	Inside KSA	Previous
Petrolube Company	Joint-Stock – unlisted	Inside KSA	Previous
Aramco Lubricants and Retail Company	Limited Liability Company	Inside KSA	Previous
Aramco Trading Company	Limited Liability Company	Inside KSA	Previous
Aramco Chemicals Company	Limited Liability Company	Inside KSA	Previous
S-Oil South Korea	Joint-Stock – listed	Outside KSA	Previous
Arab Petroleum Pipeline Company (SUMED)	Joint-Stock – unlisted	Outside KSA	Previous
Fujian Refining and Petrochemical Company	Limited Liability Company	Outside KSA	Previous
PREFCHEM Refining and Chemicals, Malaysia	Limited Liability Company	Outside KSA	Previous
Motiva, USA	Limited Liability Company	Outside KSA	Previous
Aramco Overseas Company, Netherlands	Limited Liability Company	Outside KSA	Previous
Motor Oil Hellas, Greece	Limited Liability Company	Outside KSA	Previous

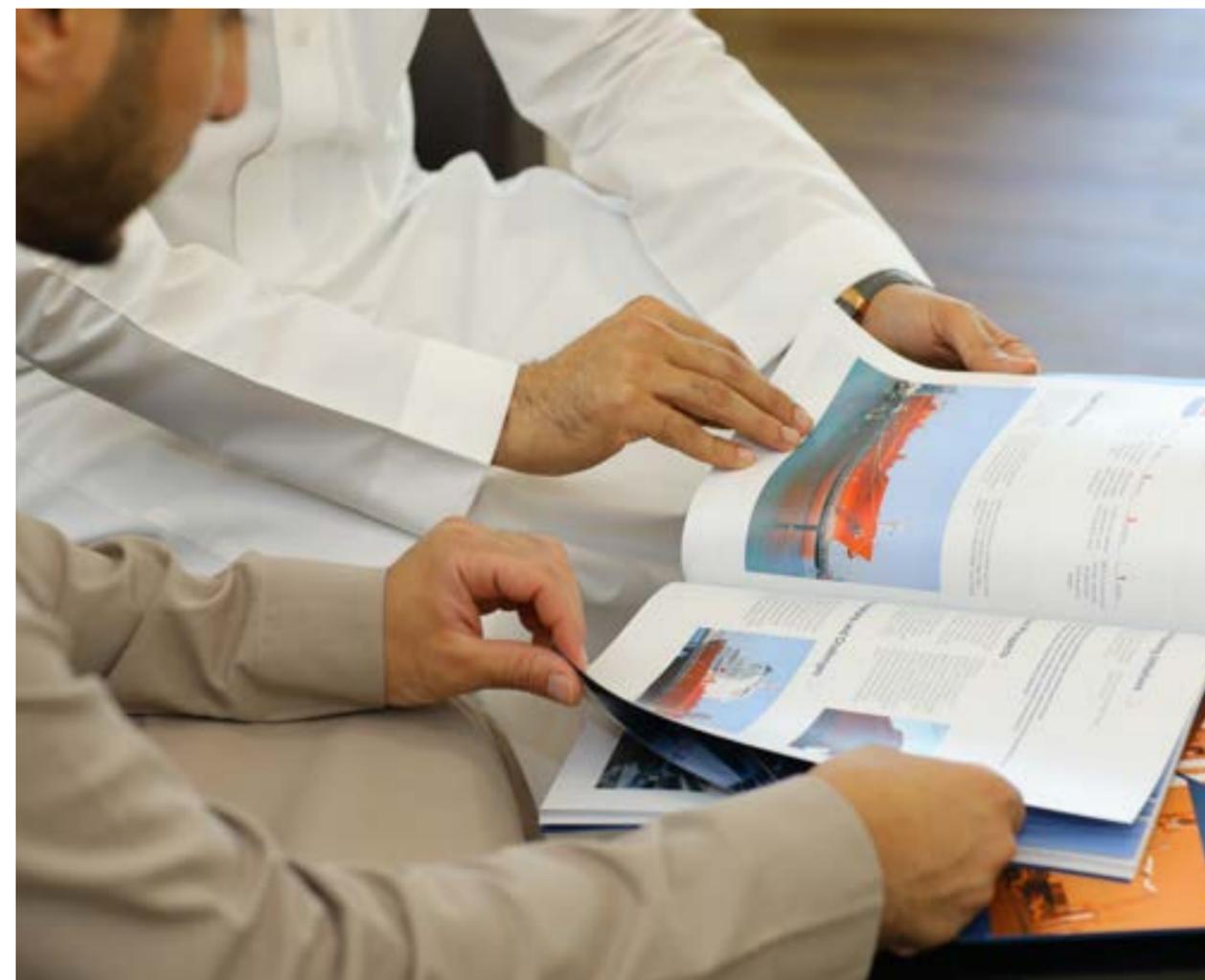


### Mr. Jesper Kjaedegaard

Mr. Jesper Kjaedegaard is a graduate of the University of Copenhagen and also obtained the Academy Profession Degree in Maritime (APM). In 2005, he earned the HBS-AMP degree from Harvard Business School. Mr. Kjaedegaard held various positions at the A.P.Moller-Maersk Group from 1981 to 2009, including global head of Maersk Line before becoming CEO of The Maersk Company. In 2009 Mr Kjaedegaard became President of the UK Chamber of Shipping and subsequently Chairman of Maritime UK.. Additionally, he has worked in the field of global maritime consultancy, specializing in ports and maritime services.

#### Board memberships:

Company	Legal Entity	Location	Membership
Red Sea Gateway Terminal	Joint-Stock – unlisted	Inside KSA	Current
Marcura Company	Limited Liability Company	Outside KSA	Current
Xeneta International Company	Limited Liability Company	Outside KSA	Current
Marine Services Company	Limited Liability Company	Outside KSA	Current
APMT Bahrain Company	Limited Liability Company	Outside KSA	Current



## Executive Management's Biographies



### Eng. Ahmed Ali Al Subaey

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

#### Current and previous positions:

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



### Mr. Abdulaziz Abdullah Aloud

Mr. Abdulaziz Abdullah Aloud holds a Master's in Finance from Heriot Watt University, UK and a Bachelor's in Accounting from King Saud University in Riyadh, Saudi Arabia.

#### Current and previous positions:

Company	Legal Entity	Location	Membership
Acting Chief Financial Officer (CFO) of Bahri	Joint-Stock – listed	Inside KSA	Current
Board Member and a Member of the Executive Committee of Saudi Industries Dev. Co. (Tatweer)	Joint-Stock – closed	Inside KSA	Current
Board Member of National Chemical Carriers	Limited Liability Company	Inside KSA	Current
Board Member of Bahri Dry Bulk	Limited Liability Company	Inside KSA	Current
Board Member of Alrazi Medical Company	Joint-Stock – listed (NOMU)	Inside KSA	Current
Board Member of EduGuide	Limited Liability Company	Inside KSA	Current
Chairman of the Audit Committee of Saudi Industries Dev. Co. (Tatweer)	Joint-Stock – closed	Inside KSA	Previous
Manager of Legal Reporting at The National Industrialized Company (Tasnee)	Joint-Stock – listed	Inside KSA	Previous



### Mr. Hisham Hussien Al Khaldi

Mr. Hisham Hussien Al Khaldi holds a Bachelor's in Business Administration and a Level-Five Certificate in Leadership from the British Institute of Leadership and Management (ILM) as well as a CIPD LEVEL 7 - Chartered Fellow, for HR professional and people development.

#### Current and previous positions:

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



### Mr. Hisham Nasir Al Nughaimish

Mr. Hisham Nasir Al Nughaimish holds a Bachelor's in Computer Science from the University of Nebraska at Omaha, USA.

#### Current and previous positions:

Company	Legal Entity	Location	Membership
President of Bahri Oil	Joint-Stock - listed	Inside KSA	Current
Senior Vice President of Bahri Oil	Joint-Stock - listed	Inside KSA	Previous
Second Vice President of Commercial and Operations for Bahri Oil / Saudi Aramco	Joint-Stock - listed	Inside KSA	Previous
Chartering and Operations Manager for Saudi Petroleum Overseas Limited in London	Limited Liability Company	Outside KSA	Previous
Head of Vela Contracting for Vela International Marine Limited Dubai	Limited Liability Company	Outside KSA	Previous
System Analyst for Saudi Aramco	Joint-Stock - listed	Inside KSA	Previous



### Mr. Faisal Sadad Al Hussein

Mr. Faisal Sadad Al Hussein holds a BSc. in Finance from Albright College, Pennsylvania USA and an Executive MBA from Hult & Ashridge Business School, UK.

#### Current and previous positions:

Company	Legal Entity	Location	Membership
President of Bahri Chemicals	Limited Liability Company	Inside KSA	Current
Board Member Bahri Chemicals	Limited Liability Company	Inside KSA	Current
Vice President of Commercials and Operations for Bahri Chemicals	Limited Liability Company	Inside KSA	Previous
Head of Chartering (NCC)	Limited Liability Company	Inside KSA	Previous
Shipbroker for Braemar Seascope (Singapore)	Joint Stock - Listed	Outside KSA	Previous
Shipbroker for ICAP (UK)	Joint Stock - Listed	Outside KSA	Previous
Manager for Saudi Petroleum Overseas Limited (UK)	Limited Liability Company	Outside KSA	Previous
Vela International Marine Limited	Limited Liability Company	Inside KSA	Previous



### Eng. Soror Basalom

Eng. Soror Basalom holds a Bachelor's in Industrial Systems Engineering from King Fahad University of Petroleum and Minerals.

#### Current and previous positions:

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



### Eng. Mohammed Abdulaziz Bin Battal

Eng. Mohammed Abdulaziz Bin Battal holds a BSc. in Chemical Engineering from King Saud University in Riyadh, Saudi Arabia and is a graduate of the SABIC CEO Leadership Challenge Program.

#### Current and previous positions:

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



### Eng. Khalid Yousef Al Hammad

Eng. Khalid Yousef Al Hammad holds a BSc. in Electrical and Electronics Engineering from Oregon State University, USA and is a graduate of the Saudi Aramco Leadership Program.

#### Current and previous positions:

Company	Legal Entity	Location	Membership
President of Bahri Ship Management	Limited Liability Company	Outside KSA	Current
Member of the DNV Middle East Committee	Limited Liability Company	Outside KSA	Current
Member of ABS Middle East Regional Committee	Limited Liability Company	Outside KSA	Current
Member of the Lloyd's Register Middle East and Africa Asia Advisory Committee	Limited Liability Company	Outside KSA	Current
Board Director of The International Tanker Owners Pollution Federation Limited (ITOPF)	Not-for-Profit Limited Liability Company	Outside KSA	Current
Vice President of Bahri Ship Management	Limited Liability Company	Outside KSA	Previous
Fleet Manager at Vela International Marine	Limited Liability Company	Outside KSA	Previous
Tanker Construction Manager at Vela International Marine	Limited Liability Company	Outside KSA	Previous



### Mr. Abdulaziz Mohammed Al Babtain

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

#### Current and previous positions:

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



### Mr. Abdullah Ali Al Mousa

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

#### Current and previous positions:

Company	Legal Entity	Location	Membership
General Legal Counsel and Board Secretary at Bahri	Joint-Stock - listed	Inside KSA	Current
Board Member of Petredec Group Limited	Limited Liability Company	Outside KSA	Current
Board Member of Bahri Logistics	Limited Liability Company	Inside KSA	Current
Board Member of Bahri Ship Management	Limited Liability Company	Inside KSA	Current
Legal Adviser at Al-Jadaan & Partners Law Firm	Saudi Professional Company	Inside KSA	Previous
Legal Adviser at BNP Paribas	Branch of the French Bank BNP Paribas	Outside KSA	Previous
Legal Adviser at Clifford Chance Company	Branch of the British Clifford Chance Company	Outside KSA	Previous

## Dividend Distribution Policy

Dividend distribution depends on net profit, cash flows, and future expectations for Bahri's key investments while taking into consideration the importance of maintaining a strong financial position in order to respond to any fundamental organizational, market, or economic changes, in accordance with the provisions of Article (38) and Article (39) of the Companies Law, which are stated as follows:

### Article (38): Formation of Reserves:

- When determining the portion of shares in net profits, the Ordinary General Assembly may decide to form reserves, to the extent that serves the interest of the Company or provide the distribution of fixed profits - as much as possible - to shareholders. The aforementioned Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees
- The General Assembly shall determine the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any

### Article (39): Distribution of Profits:

- The Company may distribute interim dividends on a semi-annual or quarterly basis by resolution of the Board of Directors, based on a mandate from the Ordinary General Assembly, which is renewed annually in accordance with the regulatory procedures issued by the Capital Market Authority

With regards to 2023 dividends, the Board of Directors issued a resolution at its meeting held on 19th June 2023 on distributing cash dividends to shareholders for an amount of SAR 246,093,750 for the fiscal year 2022, amounting to SAR 0.5 per share, and representing 5% of the par value per share. The Board of Directors designated a time for dividend distribution on 16th July 2023. The Board of Directors also decided at its meeting held on 19th June 2023 to recommend to the General Assembly of the Company to increase the capital to SAR 7,382,812,500 through 1 bonus share for every 2 shares owned through the capitalization of SAR 351,749,161 from statutory reserve and SAR 2,109,188,339 from the retained earnings. The reason for the increase is to strengthen its capital base in line with future prospects for growth and expansion, and long-term value creation through investments in available opportunities. On 30th July 2023 the selling of the fractions of shares arising out of the Company's capital increase was completed and deposited to eligible shareholders.

## Procedures taken by the Board to inform its members, including Non-Executives, of shareholders' feedback concerning the Company's performance

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

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

## Results from the annual audit on the effectiveness of the Company's internal control procedures and the Audit Committee's opinion on the sufficiency of the Company's internal control system

The Committee carried out its duties during 2023 as follows:

- Examined the consolidated interim and annual financial statements and made necessary recommendations, and examined the external auditor's notes and followed up to close all the notes.
- Verified the adequacy of the internal control systems of the Company, the applied rules and procedures, tasks, and reports of the Internal Audit Department. In addition, implemented the corrective action to the notes that protect the Company's objectives and protect the shareholders' interests.
- Reviewed the results of the regulators report's and verified the actions taken from the management to address them.
- Recommended to the Board of Directors the appointment of the external auditor, determined

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

- Reviewed the tasks and activities of risk management.

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

## Description of any Deal between the Company and Related Parties

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

of the National Chemical Carriers Company (NCC)'s capital, with Bahri owning the other 80%. It also deals with ARASCO, which owns a 40% stake of Bahri Dry Bulk LLC's capital with Bahri owning the other 60%. The financial details are disclosed in note (x) in the Audited Financial Statements for the year ended 31st December 2023.

## Details of Compensation and Bonuses paid to 5 Senior Executives including the CEO and CFO

5 Senior Executives receiving the highest remuneration from the Company (including CEO and CFO)	Fixed Remunerations				Variable Remunerations					Total remuneration for Board executive, if any	Grand total		
	Salaries	Allowances	In-kind benefits	Total	Periodic bonuses	Earnings	Short-term incentive plans	Long-term incentive plans	Grand shares			Total	
	7,312,698	3,022,981	-	10,335,679	7,060,188	-	-	928,683	-	7,988,871	1,360,524	613,000	20,298,074

## Details of Stocks and Debt Instruments issued by each Subsidiary

Subsidiary Name	No. of Shares and Nominal Value	Debt Instruments
National Shipping Company of Saudi Arabia (NSCSA), USA	1,000 shares, SAR 3,750 each	-
Mideast Ship Management Ltd.	1 share, SAR 306,540	-
National Chemical Carriers Company	61,000,000 shares, SAR 10 each	-
Bahri Dry Bulk Company	200,000 shares, SAR 1,000 each	-
Bahri Logistics Company	300,000 shares, SAR 100 each	-
Petredéc' Group Limited	21,739 shares, SAR 3.75 each	-
International Maritime Industries	424,200 shares, SAR 3,750 each	-
National Grain Company	13,500,000 shares, SAR 10 each	-

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

No. of Requests	Date of Request	Reason for Request
1	31/12/2023	Corporate Actions
1	30/11/2023	Corporate Actions
1	31/10/2023	Corporate Actions
1	11/10/2023	Corporate Actions
1	30/09/2023	Corporate Actions
1	11/09/2023	Corporate Actions
1	31/08/2023	Corporate Actions
1	31/07/2023	Corporate Actions
1	30/06/2023	Corporate Actions
1	21/06/2023	Dividend Entitlement
1	19/06/2023	Corporate Actions
1	31/05/2023	Corporate Actions
1	30/04/2023	Corporate Actions
1	31/03/2023	Corporate Actions
1	28/02/2023	Corporate Actions
1	31/01/2023	Corporate Actions
1	17/01/2023	Corporate Actions
1	16/01/2023	Corporate Actions
2	15/01/2023	Corporate Actions

## Statutory Payments

Entity	Amount	Description	Reasoning
Zakat, Tax and Customs Authority (ZATCA)	100,836	Zakat is charged based on an assessment provided by the consultant for the Zakat provision needed	Governmental requirement
General Organization for Social Insurance (GOSI)	19,987	GOSI is calculated based on the standard rate	Governmental requirement

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

Having reviewed Saudi Arabia's Corporate Governance Regulations that are issued by the Capital Market Authority (CMA), Bahri approved the governance rules and standards in the application of its requirements. To demonstrate how compliant the Company is with the said regulations, Bahri shall implement all provisions set forth in the same except the following:

Article/Clause No.	Article/Clause Text	Non-implementation Justification
<b>Article 87 - Clause 19</b>	Geographical analysis of the Company's and its affiliates' revenues	There is no geographical analysis due to the nature of the Company's and its affiliates' works; the ships and tankers are operating in the high seas and transporting shipments across a large number of local and global ports, which prevents linking revenues to one specific region.
<b>Article 87 - Clause 19</b>	The Company shall disclose the remuneration of 5 senior Executives in detail pursuant to the appended schedule to the Corporate Governance Regulations	The Company has disclosed the components of the senior Executives' remuneration collectively in accordance with the statutory requirements outlined in subparagraph (B) of paragraph (4) of Article (90) of the Corporate Governance Regulations for the purpose of mitigating the risks related to human capital competitiveness.
<b>Article 90 - Clause A - 4 - B</b>		
<b>Article 67</b>	Composition of the Risk Management Committee	These articles are guidelines. The Company's management constantly reviews its risk management policies to ensure the implementation of approved policies and programs and prevent risks that the Company may face. Additionally, the Audit Committee ensures risk management operations and applicable systems work efficiently across all levels of the Company.
<b>Article 68</b>	Competencies of the Risk Management Committee	
<b>Article 69</b>	Meetings of the Risk Management Committee	
<b>Article 80</b>	Regulating the relationship with stakeholders	This article is a guideline. There is no written policy, however, Bahri's Articles of Association and the policies and regulations approved by the General Assembly, the Board, and relevant laws and regulations guarantee the protection of the rights of all stakeholders.
<b>Article 82</b>	Employee incentives	This article is a guideline. The Company has, as part of its policies, many other employee engagement, and performance development and incentive programs.
<b>Article 84</b>	Social responsibility	These articles are guidelines.
<b>Article 85</b>	Social initiatives	Bahri works constantly towards participating in different social activities aimed at developing the social and economic situation of the community.
<b>Article 92</b>	Formation of a Corporate Governance Committee	This article is a guideline. The Company complies with, develops, monitors the implementation of, verifies the effectiveness, and amends when necessary, its corporate governance rules.

## General Assemblies held in 2023

<b>1- The Extraordinary General Assembly was held on 19th June 2023 and attended by the following Board members:</b>	
Mr. Mohammed Abdulaziz Al Sarhan	Chairman of the Board and Chairman of the Executive Committee
Dr. Abdulmalik Abdullah Al Hogail	Board Member and Chairman of the Audit Committee
Eng. Ahmed Ali Al Subaey	Board Member and CEO
Mr. Saeed Abdullatif Al Hadrami	Board Member
<b>2- The Ordinary General Assembly was held on 26th December 2023 and attended by the following Board members:</b>	
Mr. Mohammed Abdulaziz Al Sarhan	Chairman of the Board and Chairman of the Executive Committee
Dr. Abdulmalik Abdullah Al Hogail	Board Member and Chairman of the Audit Committee
Eng. Ahmed Ali Al Subaey	Board Member and CEO
Mr. Saeed Abdullatif Al Hadrami	Board Member

The following should be noted:

- There has been no third party to assess the performance of the Board of Directors and its Committees; the evaluation is conducted internally using some evaluation methods
- The Company has not been subject to any sanctions or penalties of any supervisory, regulatory, or judicial entity during 2023
- The Company has a dedicated Internal Audit Department
- There has been no conflict between the recommendations of the Audit Committee and the Board resolutions concerning the appointment, dismissal, remuneration, and evaluation of the performance of the Company's auditor or the appointment of the internal auditor
- Bahri prepares its financial statements in compliance with the International Financial Reporting Standards (IFRS), which contain nothing different from the standards adopted by the Saudi Organization for Certified Public Accountants (SOCPA)
- There were no private interests with regards to the class of shares carrying voting rights
- The Company has not issued or granted any transferable debt instruments, contractual securities, memoranda on subscription rights, or any similar rights during the fiscal year
- The Company has not issued or granted any transfer or subscription rights by virtue of any transferable debt instruments, contractual securities, memoranda on subscription rights, or any similar rights
- There has been no redemption, purchase, or cancellation of any redeemable debt instruments by the Company
- There has been no arrangement or agreement pursuant to which a Board member or senior Executive waived their right to receive any bonuses

- There has been no arrangement or agreement under which a shareholder of the Company has waived any of their rights to dividends
- No investments or reserves were created for the Company's employees
- The auditor's report contained no reservations related to the annual financial statements
- The Board of Directors issued no recommendations as to changing the auditor prior to the expiry of the period for which the same is assigned
- There were no treasury shares kept by the Company
- There have been no businesses or contracts to which the Company has been a party that carries any interest for any Board member, senior Executive, or any person in a relationship with any of them

## Acknowledgments

The Board of Directors hereby acknowledges the following:

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

**Board of Directors**  
National Shipping Company of Saudi Arabia (Bahri)



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# 6



At Bahri, our commitment is to be a model of responsibility, integrating sustainable practices into every facet of our business and ingraining ESG principles into the very fabric of our corporate culture.



### KPMG Professional Services

Roshn Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

### كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

## Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia

### Opinion

We have audited the consolidated financial statements of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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



## Independent Auditor's Report

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

Revenue recognition	
Refer to note 4.2 to the consolidated financial statements for the accounting policy relating to revenue recognition and note 21 to the consolidated financial statements for the related disclosures.	
The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2023, the Group recognised revenue primarily from voyage charter and time charter amounting to SAR 8.3 billion.</p> <p>The Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. For this purpose, the Group maintains IT systems for accurate revenue recognition.</p> <p>We have determined revenue recognition to be a key audit matter considering materiality of amounts involved, volume of transactions and the time-based measure used by the Group which could significantly impact the consolidated financial statements.</p>	<p>Our audit procedures included amongst other the following:</p> <ul style="list-style-type: none"> <li>- Assessing the appropriateness of the Group's revenue recognition accounting policies by considering the requirement of IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.</li> <li>- Assessing the design and implementation and testing the operating effectiveness of key controls implemented by the Group relating to revenue recognition, with the involvement of our IT specialist.</li> <li>- Testing, on a sample basis, the amounts recorded for different streams of revenue considering relevant documentation and agreements with the customers.</li> <li>- Performing cut off procedures to assess whether revenue is recognised in the correct period.</li> <li>- Assessing the adequacy of the disclosures in the consolidated financial statements considering the requirements of IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.</li> </ul>



## Independent Auditor's Report

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

### Other Information

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



## Independent Auditor's Report

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group").

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

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

### KPMG Professional Services



Fahad Mubark Aldossari  
License No: 469



Riyadh, 21 March 2024  
Corresponding to 11 Ramadhan 1445H

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

## Consolidated Statement of Financial Position

As at 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	14,009,488	13,960,421
Projects under construction	7	905,035	935,512
Right of use assets	18	661,384	420,412
Intangible assets	8	324,537	373,897
Equity accounted investees	9	1,833,985	1,575,117
Other non-current financial assets	10	74,958	64,205
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17,809,387</b>	<b>17,329,564</b>
<b>CURRENT ASSETS</b>			
Inventories	11	498,376	511,198
Trade receivables and contract assets	12	1,298,001	2,069,025
Prepayments and other current assets	13	587,364	458,952
Cash and cash equivalents	14	2,913,117	2,529,358
<b>TOTAL CURRENT ASSETS</b>		<b>5,296,858</b>	<b>5,568,533</b>
<b>TOTAL ASSETS</b>		<b>23,106,245</b>	<b>22,898,097</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	7,382,812	4,921,875
Statutory reserve	15	-	351,750
Share premium		1,489,103	1,489,103
Other reserves		14,493	34,403
Retained earnings		2,952,169	3,694,023
<b>Equity attributable to equity holders of the Parent Company</b>		<b>11,838,577</b>	<b>10,491,154</b>
Non-controlling interests	31	803,659	624,196
<b>TOTAL EQUITY</b>		<b>12,642,236</b>	<b>11,115,350</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	16	7,060,164	8,537,438
Employees' end of service benefits	17	100,325	79,315
Lease liabilities	18	498,840	341,298
Derivative financial instruments		4,168	5,002
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,663,497</b>	<b>8,963,053</b>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	16	609,117	980,634
Lease liabilities	18	188,028	97,069
Trade and other payables	19	1,752,378	1,486,545
Provision for Zakat and income tax	20	250,989	255,446
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,800,512</b>	<b>2,819,694</b>
<b>TOTAL LIABILITIES</b>		<b>10,464,009</b>	<b>11,782,747</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,106,245</b>	<b>22,898,097</b>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

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

## Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
Revenue	21	8,777,500	8,582,580
Operating costs	22	(6,861,726)	(7,204,452)
<b>Gross profit before bunker subsidy</b>		<b>1,915,774</b>	<b>1,378,128</b>
Bunker subsidy		157,352	93,005
<b>Gross profit</b>		<b>2,073,126</b>	<b>1,471,133</b>
General and administrative expenses	23	(241,175)	(200,469)
(Provision)/ reversal on trade receivables and contract assets	12	(2,564)	25,609
Other income	24	340,323	186,874
<b>Operating profit</b>		<b>2,169,710</b>	<b>1,483,147</b>
Share of results of equity accounted investees	9	266,168	59,642
Finance income	14	79,618	10,143
Finance costs	25	(621,648)	(297,408)
<b>Profit before Zakat and income tax</b>		<b>1,893,848</b>	<b>1,255,524</b>
Zakat and income tax	20	(100,836)	(92,927)
Profit for the year		1,793,012	1,162,597
<b>Profit for the year attributable to:</b>			
Equity holders of the Parent Company		1,613,428	1,040,909
Non-controlling interests	31	179,584	121,688
		<b>1,793,012</b>	<b>1,162,597</b>
<b>Earnings per share:</b>			
Basic & diluted	26	2.19	1.41

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

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

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
<b>Profit for the year</b>		<b>1,793,012</b>	<b>1,162,597</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement loss of employees' end of service benefits	17	(7,698)	(2,730)
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Equity accounted investees-share of OCI	9	(12,333)	36,881
<b>Total comprehensive income for the year</b>		<b>1,772,981</b>	<b>1,196,748</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company		1,593,518	1,075,126
Non-controlling interests		179,463	121,622
<b>Total comprehensive income for the year</b>		<b>1,772,981</b>	<b>1,196,748</b>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

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

## Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
<b>OPERATING ACTIVITIES</b>			
Profit for the year		1,793,012	1,162,597
<b>Adjustments to reconcile profit for the year to net cash flows from operating activities</b>			
Depreciation of property and equipment	6	1,151,064	1,122,842
Depreciation of right of use assets	18	198,783	124,499
Amortization/ derecognition of intangible assets	8	55,805	84,931
Provision/ (reversal) on trade receivables and contract assets	12	2,564	(25,609)
Finance costs	25	621,648	297,408
Share of results of equity accounted investees	9	(266,168)	(59,642)
Realized gain from investment in Murabaha fund at FVTPL		-	(1,523)
Gain on disposal of property and equipment	24	(214,084)	(159,840)
Zakat and income tax	20	100,836	92,927
Employees' end of service benefits	17	16,056	14,246
		<b>3,459,516</b>	<b>2,652,836</b>
<b>Changes in working capital:</b>			
Inventories		12,822	(31,340)
Trade receivables and contract assets		768,460	(659,907)
Prepayments and other current assets		(108,989)	203,193
Trade and other liabilities		207,125	120,490
<b>Cash from operating activities</b>		<b>4,338,934</b>	<b>2,285,272</b>
Finance costs paid		(587,978)	(227,622)
Zakat and income tax paid	20	(105,293)	(59,948)
Employees' end of service benefits paid	17	(2,744)	(8,171)
<b>Net cash from operating activities</b>		<b>3,642,919</b>	<b>1,989,531</b>
<b>INVESTING ACTIVITIES</b>			
Additions of property and equipment	6	(253,138)	(225,496)
Additions of projects under construction	7	(1,387,637)	(1,080,084)
Additions of intangible assets	8	(6,445)	(4,772)
Proceeds from disposals of property and equipment		685,205	694,261
Investments in equity accounted investees	9	(90,260)	(94,625)
Dividend received from equity accounted investee	9	85,227	113,636
Proceeds of sale in Murabaha fund at FVTPL		-	189,979
Other non-current financial assets		2,247	14,661
<b>Net cash used in investing activities</b>		<b>(964,801)</b>	<b>(392,440)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	16	886,800	4,999,128
Repayment of loans and borrowings	16	(2,755,014)	(5,090,403)
Dividends paid	30	(246,095)	-
Payment of lease liabilities		(180,050)	(113,332)
Net change in non-controlling interest		-	(41,395)
<b>Net cash used in financing activities</b>		<b>(2,294,359)</b>	<b>(246,002)</b>
Increase in cash and cash equivalents		383,759	1,351,089
Cash and cash equivalents at beginning of the year		2,529,358	1,178,269
<b>Cash and cash equivalents at end of the year</b>	14	<b>2,913,117</b>	<b>2,529,358</b>
<b>Significant non-cash transactions:</b>			
Projects under construction transferred to property and equipment	6&7	1,418,114	1,443,036
Additions and (modifications) of right of use assets	18	439,755	29,190

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

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

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

	Attributable to equity holders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2022	3,937,500	1,232,034	1,489,103	186	2,754,283	9,413,106	546,891	9,959,997
Profit for the year	-	-	-	-	1,040,909	1,040,909	121,688	1,162,597
Other comprehensive income	-	-	-	34,217	-	34,217	(66)	34,151
Total comprehensive income for the year	-	-	-	34,217	1,040,909	1,075,126	121,622	1,196,748
Transferred to share capital	984,375	(984,375)	-	-	-	-	-	-
Net change in non-controlling interest	-	-	-	-	2,922	2,922	(44,317)	(41,395)
Transferred to statutory reserve	-	104,091	-	-	(104,091)	-	-	-
<b>Balance at 31 December 2022</b>	<b>4,921,875</b>	<b>351,750</b>	<b>1,489,103</b>	<b>34,403</b>	<b>3,694,023</b>	<b>10,491,154</b>	<b>624,196</b>	<b>11,115,350</b>
Balance at 1 January 2023	4,921,875	351,750	1,489,103	34,403	3,694,023	10,491,154	624,196	11,115,350
Profit for the year	-	-	-	-	1,613,428	1,613,428	179,584	1,793,012
Other comprehensive income	-	-	-	(19,910)	-	(19,910)	(121)	(20,031)
Total comprehensive income for the year	-	-	-	(19,910)	1,613,428	1,593,518	179,463	1,772,981
Transferred to share capital (note 15)	2,460,937	(351,750)	-	-	(2,109,187)	-	-	-
Dividends (note 30)	-	-	-	-	(246,095)	(246,095)	-	(246,095)
<b>Balance at 31 December 2023</b>	<b>7,382,812</b>	<b>-</b>	<b>1,489,103</b>	<b>14,493</b>	<b>2,952,169</b>	<b>11,838,577</b>	<b>803,659</b>	<b>12,642,236</b>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

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

## Notes to the Consolidated Financial Statements

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(In thousands of Saudi Riyals)

### 1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

The National Shipping Company of Saudi Arabia (the "Company" or "Bahri" or "Parent Company"), a Saudi Joint Stock Company, was established under the Royal Decree No. M/5 dated 12 Safar 1398H (corresponding to 21 January 1978) and registered under Commercial Registration No. 1010026026 dated 1 Dhul Hijjah 1399H (corresponding to 22 October 1979) issued in Riyadh. The Company's head office is located in Olaya district, Olaya Towers (Tower B), Floors 12-15, P.O Box 5101, Riyadh, 1142, Kingdom of Saudi Arabia.

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

The Company's share capital amounting to SAR 7,382,812,500 as at 31 December 2023 is divided into 738,281,250 shares (31 December 2022: SAR 4,921,875,000 divided into 492,187,500 shares) with a par value of SAR 10 each (note 15).

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

Subsidiary	Date of incorporation	Effective Ownership %		Principal Activity	Location
		2023	2022		
NSCSA Inc. - USA	1991	100	100	Company's ship agent	USA
Mideast Ship Management Limited (JLT)	2010	100	100	Ships technical management	UAE
Bahri Logistics Company (BLC)	2017	100	100	Logistics services	KSA
National Chemical Carriers Company Limited (NCC)	1990	80	80	Petrochemical transportation	KSA
Bahri Dry Bulk Company (BDB)	2010	60	60	Dry bulk transportation	KSA

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

Equity accounted investees	Nature of relationship	Date of incorporation	Effective Ownership %		Principal Activity	Location
			2023	2022		
Petredec Pte limited (note a)	Associate	1980	-	30.3	Liquefied petroleum gas transportation	Singapore
Petredec group limited (note a)	Associate	2012	40.08	-	Liquefied petroleum gas transportation	BVI
International Maritime Industries Company (note b)	Associate	2017	19.9	19.9	Maritime industries	KSA
National Grain Company (note c)	Joint Venture	2021	50	50	Packing and storage of grain	KSA

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

On 6 March 2023, Bahri entered into a Shareholders Agreement (“the Agreement”) with Petredec partners (formerly Haydock partners) to swap its shares from Petredec Pte. Limited to Petredec Group Limited (formerly Haydock Holdings Limited). As per the Agreement, Bahri transferred its 30.3% shares in Petredec Pte. Limited to Petredec Group Limited (resulting in Petredec Group Limited becoming 100% shareholder of Petredec Pte. Limited) and thereby Petredec Group Limited issued 30.3% of its shares to Bahri. The above transactions were without any cash consideration and with no changes to the net assets ownership of Bahri in its equity accounted investee. The legal process was completed during the 3rd quarter of the this year.

During October 2023, Petredec Group Limited entered into a buy back transaction with one of its shareholders and cancelled the same against its share capital. This resulted in an increase in Bahri’s effective ownership percentage from 30.3% to 40.08%. The Company will complete the process of allocating deemed consideration to the identifiable assets and liabilities within twelve months from the date of change in ownership.

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

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

The Company operates through the following branches:

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

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**Group’s fleet:** As at 31 December 2023, the Group operated 88 owned vessels and 10 vessels under lease contract (31 December 2022: owned 92 vessels and 6 vessels under lease contract) operating in the following sectors:

**Crude oil transportation sector:** Consists of 39 vessels (31 December 2022: 42 vessels) out of which, 38 very large crude carriers (VLCCs) are operating in the spot market. The Group also owns 1 product tankers, managed commercially by NCC.

**Chemicals transportation sector:** This sector is fully operated by NCC. It owns 32 vessels and 10 vessels under lease contract (31 December 2022: owned 35 vessels and 6 vessels under lease contract). Specialized tankers distributed as follows:

- 36 tankers that operate in the spot market.
- 6 tankers are under charter agreements.

**Logistics sector:** This sector consists of 6 RoCon vessels (31 December 2022: 6 RoCon vessels) operating on commercial lines between North America, Europe, Middle East, the Indian Subcontinent and Asia.

**Dry bulk transportation sector:** This sector is fully operated by BDB and it owns 11 vessels (31 December 2022: 9 vessels) specialized in transporting dry bulk cargo. 5 of them are chartered to the Arabian Agricultural Services Company (ARASCO) and 6 vessels are operating in the spot market.

## 2. BASIS OF PREPARATION

### 2.1. Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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).

### 2.2. Preparation of financial statements

#### (i) Historical cost convention

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

- Derivative financial instruments and unquoted equity shares which are measured at fair value.
- Employees’ end of service benefits are recognized at the present value of future obligations using the projected unit credit method.

#### (ii) Functional and presentation currency

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

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### 3. BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

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

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

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### 4. MATERIAL ACCOUNTING POLICIES

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

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 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.

#### 4.1. Material accounting judgments, estimates and assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

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

#### 4.2. Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

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

Revenue is recognized when a customer receives the services.

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

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

### 4.3. Financial Instruments

#### i- Recognition and initial measurement

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

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

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

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

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

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

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

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

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

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

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

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

#### Financial Liabilities – Classification, subsequent measurement and gain and losses

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

#### Derecognition

##### Financial assets

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

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

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

### Financial liabilities

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

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

### Offsetting

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

### Impairment of non-derivative financial assets

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

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

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

### Credit-impaired financial assets

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

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

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

### Presentation of impairment

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

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### 4.4. Cash and cash equivalents

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

### 4.5. Inventories

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

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

### 4.6. Property and equipment

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

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

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

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

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

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

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

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

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

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

### 4.7. Projects under construction

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

### 4.8. Intangible assets

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

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

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

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

### 4.9. Equity accounted investees

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

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

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

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

### 4.10. Leases

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

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

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

### Group as a lessee

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

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

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

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

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

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

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

### Short-term leases and leases of low-value assets

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

### Group as a lessor

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

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

### 4.11. Classification of assets and liabilities to "current" and "non-current"

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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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
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

### 4.12. Zakat and income tax

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

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

### 4.13. Borrowing costs

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

The Group has elected to classify cashflow from interest paid and interest received as operating activities.

### 4.14. Impairment of non-financial assets

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

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

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

### 4.15. Cash dividends to shareholders

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

The Group has elected to classify cashflow from dividend received as investing activities and cashflows from dividend paid as operating activities.

### 4.16. Employees' end of service benefits

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

#### i. Short-term employee benefits

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

#### ii. Defined benefit plan

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

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

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

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

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

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

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### 4.17. Provisions

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

### 4.18. Contingent assets and liabilities

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

### 4.19. Earnings per share – EPS

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

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

### 4.20. Composition of reserve

The Ordinary General Assembly, when determining the net profits per share, may decide to form reserves to the extent that it is in the interest of the company or ensures the distribution of fixed profits, as far as possible, to the shareholders. The said Assembly may also deduct sums from the net profits for the social purposes of the company's employees.

### 4.21. Bunker subsidy

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

### 4.22. Segment reporting

A reporting segment is a component of the Group that engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision makers about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President of the respective business unit that makes strategic decisions.

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

- Transportation of oil
- Transportation of chemicals
- Logistics
- Transportation of dry bulk

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

### 4.23. Amendments to Standards and Interpretations:

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

- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

### 4.24. Standards issued and not yet effective

The following pronouncements are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements and is expected to have no significant effect in future periods.

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1).
- Climate-related Disclosures (IFRS S2).
- Lack of Exchangeability (Amendments to IAS 21).

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### 5. OPERATING SEGMENTS

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

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

31 December 2023	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	4,795,823	2,723,197	963,304	280,908	8,763,232	14,268	8,777,500
Operating costs	(3,761,224)	(1,938,974)	(898,861)	(184,916)	(6,783,975)	(77,751)	(6,861,726)
Bunker subsidy	133,861	10,437	13,054	-	157,352	-	157,352
Gross profit	1,168,460	794,660	77,497	95,992	2,136,609	(63,483)	2,073,126
General and administrative expenses	(12,324)	(16,587)	(21,100)	(15,574)	(65,585)	(175,590)	(241,175)
Reversal/ (provision) on trade receivables and contract assets	535	(4,829)	1,931	(201)	(2,564)	-	(2,564)
Other income	141,066	184,492	1,654	1,902	329,114	11,209	340,323
Share of results of equity accounted investees	-	-	-	-	-	266,168	266,168
Finance income	-	15,249	-	4,842	20,091	59,527	79,618
Finance costs	(365,735)	(154,906)	(14,078)	(27,689)	(562,408)	(59,240)	(621,648)
<b>Profit before Zakat and income tax</b>	<b>932,002</b>	<b>818,079</b>	<b>45,904</b>	<b>59,272</b>	<b>1,855,257</b>	<b>38,591</b>	<b>1,893,848</b>

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

Revenue from the major customers (related parties) represented around 47.4% (31 December 2022: 47.9%) of the Group's total revenue.

31 December 2022	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	5,119,215	2,058,097	1,099,161	296,388	8,572,861	9,719	8,582,580
Operating costs	(4,381,332)	(1,615,716)	(1,051,522)	(153,520)	(7,202,090)	(2,362)	(7,204,452)
Bunker subsidy	76,717	3,390	12,898	-	93,005	-	93,005
Gross profit	814,600	445,771	60,537	142,868	1,463,776	7,357	1,471,133
General and administrative expenses	(13,882)	(13,434)	(22,153)	(10,820)	(60,289)	(140,180)	(200,469)
Reversal/ (provision) on trade receivables and contract assets	11,247	(1,038)	15,068	348	25,625	(16)	25,609
Other income/ (expense)	157,852	21,665	9,791	910	190,218	(3,344)	186,874
Share of results of equity accounted investees	-	-	-	-	-	59,642	59,642
Finance income	-	342	-	1,008	1,350	8,793	10,143
Finance costs	(198,297)	(68,095)	(15,575)	(12,255)	(294,222)	(3,186)	(297,408)
<b>Profit/ (loss) before Zakat and income tax</b>	<b>771,520</b>	<b>385,211</b>	<b>47,668</b>	<b>122,059</b>	<b>1,326,458</b>	<b>(70,934)</b>	<b>1,255,524</b>

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

31 December 2023	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	8,575,811	3,235,740	1,073,962	1,112,292	11,683	14,009,488
Other assets	1,696,716	1,624,300	587,561	191,760	4,996,420	9,096,757
Total assets	10,272,527	4,860,040	1,661,523	1,304,052	5,008,103	23,106,245
Total liabilities	5,540,888	2,093,172	507,658	678,339	1,643,952	10,464,009

31 December 2022	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	8,513,430	3,435,307	1,086,510	904,129	21,045	13,960,421
Other assets	2,372,333	2,071,754	1,251,539	358,679	2,883,371	8,937,676
Total assets	10,885,763	5,507,061	2,338,049	1,262,808	2,904,416	22,898,097
Total liabilities	5,963,743	3,536,470	955,261	666,500	660,773	11,782,747

### 6. PROPERTY AND EQUIPMENT

31 December 2023	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
<b>Cost</b>									
At 1 January 2023	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310
Additions/transfers*	4,553	1,660,842	193	287	231	209	4,937	-	1,671,252
Disposals	(39,661)	(1,530,993)	(4,194)	(1,854)	(823)	(58)	(7,280)	(8,310)	(1,593,173)
At 31 December 2023	29,030	22,854,930	7,962	7,775	1,376	3,067	20,295	5,954	22,930,389
<b>Accumulated depreciation</b>									
At 1 January 2023	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889
Charge for the year	2,157	1,145,102	865	766	169	44	1,961	-	1,151,064
Disposals	(31,016)	(1,068,691)	(4,194)	(1,724)	(823)	(58)	(7,236)	(8,310)	(1,122,052)
At 31 December 2023	19,865	8,867,425	4,133	5,040	1,135	2,902	14,515	5,886	8,920,901
<b>Net book value:</b>									
At 31 December 2023	9,165	13,987,505	3,829	2,735	241	165	5,780	68	14,009,488

\* During 2023, 5 new vessels were received, and other projects were completed and capitalized amounting to SAR 1,418 million which was transferred from projects under construction (refer note 7).

- Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 6.3 billion at 31 December 2023 (31 December 2022: SAR 8 billion), are pledged against certain long-term loans. Refer (note 16) for further details.
- Certain vessels of the Group under fleet and equipment with a carrying value of SAR 759 million at 31 December 2023 (31 December 2022: SAR 990 million), are subject to operating leases (Time charter agreements).

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31 December 2023	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
<b>Cost</b>									
At 1 January 2022	65,354	22,393,220	10,265	12,402	4,878	3,076	30,636	14,264	22,534,095
Additions/transfers*	801	1,663,837	1,799	561	13	-	1,521	-	1,668,532
Disposals	(2,017)	(1,331,976)	(101)	(3,621)	(2,923)	(160)	(9,519)	-	(1,350,317)
At 31 December 2022	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310
<b>Accumulated depreciation</b>									
At 1 January 2022	48,110	8,473,037	6,882	8,798	4,437	2,166	27,320	14,193	8,584,943
Charge for the year	2,474	1,115,693	681	818	275	910	1,988	3	1,122,842
Disposals	(1,860)	(797,716)	(101)	(3,618)	(2,923)	(160)	(9,518)	-	(815,896)
At 31 December 2022	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889
<b>Net book value:</b>									
At 31 December 2022	15,414	13,934,067	4,501	3,344	179	-	2,848	68	13,960,421

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

### 7. PROJECTS UNDER CONSTRUCTION

The movement in projects under construction is as follows:

	2023	2022
Beginning balance	935,512	1,298,464
Additions	1,387,637	1,080,084
Transferred to property and equipment (note 6)	(1,418,114)	(1,443,036)
<b>Ending balance</b>	<b>905,035</b>	<b>935,512</b>

During 2019, the Company signed an agreement with Saline Water Conversion Corporation (SWCC) ("Arrows project") for supplying desalinated water from floating mobile stations for a period of 20 years. In this respect, the Company engaged an Engineering, Procurement, and Construction ("EPC") contractor for the purposes of constructing 3 floating stations for water desalination with a total cost of SAR 760 million. The construction commenced in January 2020 and the construction is expected to complete and commence operations during 2024.

Projects under construction include SAR 20 million of borrowing costs capitalized during the year (2022: SAR 23 million).

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### 8. INTANGIBLE ASSETS

Intangible assets significantly represent long-term transportation contracts, which resulted from purchasing the operations and assets of Vela Company (a subsidiary of ARAMCO) in 2014. The value of those intangible assets is amortized over the estimated total average remaining useful life of the purchased vessels. As at 31 December 2023 the carrying value of such contract amounted to SAR 308 million (2022: SAR 359 million).

	2023	2022
<b>Cost</b>		
Opening balance	740,083	830,440
Additions	6,445	4,772
Derecognition	(22,356)	(95,129)
Ending balance	724,172	740,083
<b>Accumulated amortization</b>		
Opening balance	366,186	376,384
Charge for the year	55,648	73,395
Derecognition	(22,199)	(83,593)
Ending balance	399,635	366,186
<b>Net book value</b>	<b>324,537</b>	<b>373,897</b>

### 9. EQUITY ACCOUNTED INVESTEEES

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

	Note	2023	2022
Petredec' group limited	9.1	1,731,033	1,421,284
International Maritime Industries Company (IMI)	9.2	49,214	114,989
National Grain Company (NGC)	9.3	53,738	38,844
		<b>1,833,985</b>	<b>1,575,117</b>

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

	Note	2023	2022
Share of profit in Petredec group limited	9.1	406,039	182,760
Share of loss in IMI	9.2	(132,269)	(123,379)
Share of (loss)/ profit in NGC	9.3	(7,602)	261
		<b>266,168</b>	<b>59,642</b>

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### 9.1. Petredec Group Limited

The movement of investment in Petredec group limited is as follows:

	2023	2022
Beginning balance	1,421,284	1,314,471
Share of profit for the year	406,039	182,760
Share of other comprehensive (loss)/ income for the year	(11,063)	37,689
Dividends received during the year	(85,227)	(113,636)
<b>Ending balance</b>	<b>1,731,033</b>	<b>1,421,284</b>

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

	31 October 2023	31 October 2022
Current assets	4,075,024	3,119,528
Non-current assets	8,161,620	6,475,665
Current liabilities	(3,398,880)	(1,704,686)
Non-current liabilities	(4,419,188)	(3,379,238)
Net assets before non-controlling interest	4,418,576	4,511,269
Non-controlling interest	(92,138)	(82,005)
<b>Net assets</b>	<b>4,326,438</b>	<b>4,429,264</b>
Group's share of net assets	1,311,042	1,342,201
Group's share in the consideration paid for buy back shares (note 1)	340,908	-
Goodwill	79,083	79,083
<b>Carrying amount of investment in equity accounted investee</b>	<b>1,731,033</b>	<b>1,421,284</b>
Revenue	19,005,304	24,309,150
Profit before non-controlling interest	1,346,305	755,169
Non-controlling interest	(42,885)	(27,687)
<b>Total comprehensive income for the year</b>	<b>1,303,420</b>	<b>727,482</b>
<b>Group's share of total comprehensive income</b>	<b>394,976</b>	<b>220,449</b>

### 9.2. International Maritime Industries Company (IMI)

The movement of investment in IMI is as follows:

	2023	2022
Beginning balance	114,989	164,551
Additional paid in capital	67,760	74,625
Share of loss for the year	(132,269)	(123,379)
Share of other comprehensive loss for the year	(1,266)	(808)
<b>Ending balance</b>	<b>49,214</b>	<b>114,989</b>

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

	2023	2022
Current assets	1,036,834	1,977,218
Non-current assets	2,900,738	2,152,560
Current liabilities	(573,836)	(519,338)
Non-current liabilities	(2,779,264)	(2,717,565)
<b>Net assets</b>	<b>584,472</b>	<b>892,875</b>
Group's share of net assets	116,310	177,682
Reconciling adjustment (relating to Zakat)	(67,096)	(62,693)
<b>Carrying amount of investment in equity accounted investee</b>	<b>49,214</b>	<b>114,989</b>
Revenue	262,384	284,644
<b>Total comprehensive loss for the year</b>	<b>(690,619)</b>	<b>(491,400)</b>
<b>Group's share of total comprehensive loss</b>	<b>(133,535)</b>	<b>(124,187)</b>

### 9.3. National Grain Company (NGC)

The movement of investment in NGC as follows:

	2023	2022
Beginning balance	38,844	18,583
Additional paid in capital	22,500	20,000
Share of (loss)/ profit for the year	(7,602)	261
Share of other comprehensive loss for the year	(4)	-
<b>Ending balance</b>	<b>53,738</b>	<b>38,844</b>

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

	2023	2022
Current assets	17,437	44,881
Non-current assets	374,049	130,611
Current liabilities	(77,677)	(20,484)
Non-current liabilities	(206,334)	(77,321)
<b>Net assets</b>	<b>107,475</b>	<b>77,687</b>
Group's share of net assets	53,738	38,844
<b>Carrying amount of investment in equity accounted investee</b>	<b>53,738</b>	<b>38,844</b>
Revenue	-	-
<b>Total comprehensive loss for the year</b>	<b>(15,214)</b>	<b>(7,022)</b>
<b>Adjustment in equity</b>	<b>-</b>	<b>7,543</b>
<b>Group's share of total comprehensive (loss)/ income</b>	<b>(7,606)</b>	<b>261</b>

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### 10. OTHER NON-CURRENT FINANCIAL ASSETS

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

	2023	2022
Derivatives	58,523	46,691
Equity securities at FVOCI	16,352	11,899
Non-current trade receivables	-	5,532
Investment in government bonds	83	83
	<b>74,958</b>	<b>64,205</b>

### 11. INVENTORIES

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

	2023	2022
Fuel	441,000	452,144
Lubricant	49,784	51,123
Others	7,592	7,931
	<b>498,376</b>	<b>511,198</b>

### 12. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables and contract assets include the following items:

	2023	2022
Trade receivables	531,095	622,752
Due from related parties (note 27)	537,516	1,351,716
	<b>1,068,611</b>	<b>1,974,468</b>
Contract assets (unbilled revenue)	393,016	263,400
	<b>1,461,627</b>	<b>2,237,868</b>
Less: Provision on trade receivables and contract assets (note a)	(163,626)	(168,843)
Trade receivables and contract assets, net	1,298,001	2,069,025

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

	2023	2022
Opening balance	168,843	194,468
Charge/ (reversal) for the year	2,564	(25,609)
Write-off	(7,781)	(16)
<b>Ending balance</b>	<b>163,626</b>	<b>168,843</b>

Trade receivables balances from Government entities amounted to SAR 166 million as at 31 December 2023 (31 December 2022: SAR 141 million), 58% (31 December 2022: 53%) of these balances are outstanding for more than 12 months. These amounts represent 11.3% of the gross trade receivables (31 December 2022: 6.3%). Please refer to note 28.4.1 for aging of trade receivables and contract assets.

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### 13. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2023	2022
Advances to suppliers	230,177	263,837
Recoverable bunker cost	163,242	76,609
Prepaid expenses	54,714	47,486
Refundable deposits	31,508	13,487
Insurance claims	24,343	9,918
Employees advances	4,068	2,741
Others	79,312	44,874
	<b>587,364</b>	<b>458,952</b>

### 14. CASH AND CASH EQUIVALENTS

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

	2023	2022
Bank balances and cash	711,485	929,414
Murabaha and short-term deposits (Note 14.1)	2,201,632	1,599,944
<b>Cash and cash equivalents in consolidated statement of cash flows</b>	<b>2,913,117</b>	<b>2,529,358</b>

#### 14.1 Murabaha and Short-Term Deposits

Murabaha and short-term deposits comprise of the following:

	2023	2022
Murabaha and short - term deposits in USD	1,654,951	1,546,875
Murabaha and short - term deposits in Saudi Riyals	546,681	37,754
Murabaha and short - term deposits in AED	-	15,315
	<b>2,201,632</b>	<b>1,599,944</b>

Murabaha and short-term deposits yield finance income at prevailing market rates. The finance income on Murabaha and short-term deposits during the year amounted to SAR 79.6 million (2022: SAR 10.1 million)

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### 15. SHARE CAPITAL

The Company's share capital amounting to SAR 7,382,812,500 as at 31 December 2023 is divided into 738,281,250 shares (31 December 2022: SAR 4,921,875,000 divided into 492,187,500 shares) with a par value of SAR 10 each.

Based on a resolution passed at the Extraordinary General Assembly in its meeting held on 01 Dhul Hijjah 1444H (Corresponding to 19 June 2023), the capital of the Company was increased from SAR 4,921,875 thousand to SAR 7,382,812 thousand by transferring SAR 351,750 thousand from the "statutory reserve" and SAR 2,109,187 thousand from "retained earnings" accounts to "share capital" account.

### 16. LOANS AND BORROWINGS

	Note	2023	2022
Sukuk	16.1	3,900,000	3,900,000
Murabaha loans	16.2	3,802,362	5,670,575
<b>Total loans and borrowings</b>		<b>7,702,362</b>	<b>9,570,575</b>
Less: Total current portion		(609,117)	(980,634)
<b>Non-current loan and borrowings</b>		<b>7,093,245</b>	<b>8,589,941</b>
Less: prepaid financing		(33,081)	(52,503)
<b>Net non-current loans and borrowings</b>		<b>7,060,164</b>	<b>8,537,438</b>
Current portion of long-term loans		609,117	980,634
<b>Loans and borrowings - Current Liabilities</b>		<b>609,117</b>	<b>980,634</b>
<b>Loans and borrowings - Non-Current Liabilities</b>		<b>7,060,164</b>	<b>8,537,438</b>
		<b>7,669,281</b>	<b>9,518,072</b>

#### 16.1 Sukuk

On 6 Dhul-Hijjah 1443H (corresponding to 5 July 2022), the Company completed the issuance and offering of a local Sukuk denominated in Saudi Riyal for public offering with nominal value amounting to SAR 3,900 million, and a nominal value of SAR 1 million for each Suk. The Sukuk issuance bears a variable rate of return at SIBOR plus a predetermined margin, payable semi-annually. The Sukuk is due to mature at par value on its expiry date of 27 Safar 1451H (corresponding to 5 July 2029). The balance in the prepaid financing account related to Sukuk at the end of 31 December 2023 is SAR 5.8 million (31 December 2022: SAR 8.5 million).

#### 16.2 Murabaha borrowings

The Group obtained Murabaha long term loans during year ended 31 December 2023 for a total of SAR 887 million (31 December 2022: SAR 1,099 million). Loans are secured by promissory notes and mortgages against vessels. These loans are repayable over 10 years on a quarterly or semi-annual basis and a repayment of SAR 2,755 million was made for the year ended 31 December 2023 (31 December 2022: SAR 1,075 million). The loans carry commission at normal commercial rates. The balance of loans against which profit is to be paid based on SOFR as of 31 December 2023 is nil (31 December 2022: SAR 1,522 million) and the balance of loans against which profit is to be paid based on SIBOR as of 31 December 2023 totaled to SAR 3,802 million (31 December 2022: SAR 4,148 million). The balance in the prepaid financing account related to Murabaha loans at the end of 31 December 2023 is SAR 27.2 million (31 December 2022: SAR 44 million).

#### 16.3 Covenants

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

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### 17. EMPLOYEES' END OF SERVICE BENEFITS

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

	2023	2022
<b>Opening balance</b>	<b>79,315</b>	<b>70,510</b>
Current service cost	12,830	12,652
Interest cost	3,226	1,594
Total cost charged for the year	16,056	14,246
Benefits paid	(2,744)	(8,171)
Re-measurement loss on defined benefit plan	7,698	2,730
<b>Ending balance</b>	<b>100,325</b>	<b>79,315</b>

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

	2023	2022
Discount rate	4.70%	4.15%
Withdrawal rate – for the first two years of service	13.05%	12.50%
Withdrawal rate – third year of service and after	13.05%	12.50%
Future salaries increase - for the first three years	7.20%	6.65%
Future salaries increase - fourth year and after	7.20%	6.65%

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

	2023	2022
<b>Discount rate</b>		
0.5 % increase	(7,366)	(2,295)
0.5% decrease	8,443	2,428
<b>Withdrawal rate</b>		
10% increase	(1,316)	(1,020)
10% decrease	1,424	1,136
<b>Future salary increases</b>		
1% increase	8,802	5,198
1% decrease	(7,840)	(4,743)

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

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### 18. LEASES

#### Leases in which the Group is a lessee

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

#### i. Right of use assets

	2023	2022
Balance at 1 January	420,412	515,721
Additions	456,582	48,646
Modifications	(16,827)	(19,456)
Depreciation charge for the year	(198,783)	(124,499)
<b>Balance at 31 December</b>	<b>661,384</b>	<b>420,412</b>

#### ii. Lease liabilities

	2023	2022
Balance at 1 January	438,367	522,446
Additions	456,582	48,646
Lease interest	28,509	15,395
Payment	(208,559)	(128,727)
Modifications	(28,031)	(19,393)
<b>Balance at 31 December</b>	<b>686,868</b>	<b>438,367</b>

	2023	2022
Non-current	498,840	341,298
Current	188,028	97,069
	<b>686,868</b>	<b>438,367</b>

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

	2023	2022
Interest on lease liabilities (note 25)	28,509	15,395
Expenses relating to short-term leases (note 23)	4,839	3,878

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### 19. TRADE AND OTHER PAYABLES

	2023	2022
Due to related parties (note 27)	526,031	151,152
Accrued expenses	492,620	564,009
Trade payables	392,274	418,364
Accrued finance cost	206,844	159,340
Unclaimed dividends	64,798	62,770
Value of sold shares	19,214	19,687
Others	50,597	111,223
	<b>1,752,378</b>	<b>1,486,545</b>

### 20. ZAKAT AND INCOME TAX

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

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

	2023	2022
Opening balance	255,446	222,467
Charge for the year	100,836	92,927
Payments during the year	(105,293)	(59,948)
<b>Ending balance</b>	<b>250,989</b>	<b>255,446</b>

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

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

The Company has filed its Zakat returns up to 2022 and obtained the Zakat certificate for the year 2022.

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

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

ZATCA issued the Zakat assessments for the years 2019 and 2020, claiming additional Zakat of SAR 27.3 million. The Company has submitted an appeal against the assessment which is under review from ZATCA.

The Company did not receive the Zakat assessments for the years 2021 and 2022 from ZATCA.

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

NCC has filed its Zakat returns up to 2022 and obtained the Zakat certificate.

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

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

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

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

#### Zakat and Tax status for Bahri Dry Bulk (BDB)

BDB submitted its Zakat and tax returns up to 2022.

BDB has received the Zakat assessment for the years 2015 to 2018 claiming additional payments of SAR 11.7 million.

BDB has submitted an appeal against the assessments and further escalated by BDB to the GSTC. The CRTVD has issued its decision in the appeal with partial acceptance. BDB has escalated the appeal to the ACTVDR to continue the appeal process till the final decision is released. Management believes that adequate provisions have been made against any potential Zakat and tax liabilities.

BDB has finalized the Zakat status for the year 2020 with ZATCA.

#### Zakat and tax status for Bahri Logistics Company (BLC)

BLC submitted its Zakat and Tax returns for the years up to 2022 and finalized the assessment up to the year 2018 with ZATCA.

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### 21. REVENUE

	2023	2022
Spot	5,987,755	6,208,358
Charter hire	1,810,511	1,531,038
Freight forwarding	441,162	514,351
Time charter (note 29)	498,101	310,999
Others	39,971	17,834
	<b>8,777,500</b>	<b>8,582,580</b>

### 22. OPERATING COST

	2023	2022
Fuel & lubricants	1,908,270	2,594,757
Ship running expenses	1,482,626	1,343,620
Depreciation and amortization	1,200,242	1,310,674
Employees' salaries and benefits	756,865	695,819
Ports and agencies charges	630,305	550,441
Repairs and maintenance	179,921	209,981
Freight forwarding expenses	106,583	228,255
Others	596,914	270,905
	<b>6,861,726</b>	<b>7,204,452</b>

### 23. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employees' salaries and benefits	155,494	142,114
Professional, legal and consultation fees (refer note 23.1)	30,681	9,830
Marketing and communication	17,308	14,602
Maintenance	17,284	13,162
Depreciation and amortization	10,687	10,062
Rent	4,839	3,878
Others	4,882	6,821
	<b>241,175</b>	<b>200,469</b>

**23.1** Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiaries for the year ended 31 December 2023 amounted to SR 2.5 million (2022: SR 2.3 million). Auditors' remuneration for the review of the Group's consolidated financial statements during the year ended 31 December 2023 amounted to SR 400 thousand (2022: SR 400 thousand). Fee for other statutory and related services provided by the auditors to the Group amounted to SR 190 thousand (2022: SR 865 thousand).

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### 24. OTHER INCOME

	2023	2022
Gains on disposal of property and equipment	214,084	159,840
Recovered claims	106,915	17,045
Others	19,324	9,989
	<b>340,323</b>	<b>186,874</b>

### 25. FINANCE COSTS

	2023	2022
Murabaha financing	333,155	193,051
Saudi riyal Sukuk	273,783	128,516
Lease interest	28,509	15,395
Commercial loans	35	34
Derivatives revaluation	(13,834)	(39,588)
	<b>621,648</b>	<b>297,408</b>

### 26. EARNINGS PER SHARE

	2023	2022
Profit for the year attributable to equity holders of the Parent Company	1,613,428	1,040,909
Weighted average number of ordinary shares outstanding during the year	738,281	738,281
Earnings per share - Basic and Diluted (Saudi Riyals)	2.19	1.41

The basic and diluted earnings per share is calculated by dividing the profit of the period for ordinary shareholders of the parent company by the weighted average number of ordinary shares in place during the year. The calculation of the basic and diluted earnings per share for the year ended 31 December 2023 and 31 December 2022 was adjusted retrospectively based on the number of shares issued after the increase of the company's capital shares to 738,281 thousand shares (note 15).

### 27. RELATED PARTIES

Related parties represent major shareholders, government related entities, directors and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. The Group has claimed exemption from the requirements of para 18 of IAS 24 ("Related Party Disclosure").

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. The Group's majority shareholder, PIF and Aramco, are fully owned by the Government of the Kingdom of Saudi Arabia. PIF and Aramco exercises significant influence over the Group. Transactions and balances with related parties and government related entities are listed below:

#### Trading transactions and balances with related parties

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

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

Related parties	Nature of the transaction	2023	2022
ARAMCO and its subsidiaries – shareholder	Operating revenue	3,598,582	3,564,890
ARAMCO and its subsidiaries – shareholder	Bunker purchase	429,758	132,020
SABIC and its subsidiaries – government related entities	Operating revenue	554,396	538,783
International Maritime Industries (IMI) - associate	Operating revenue	3,481	4,908
Public Investment Fund – shareholder	Finance cost	382	1,137

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

	2023	2022
ARAMCO and its subsidiaries	496,065	1,312,119
SABIC and its subsidiaries	37,931	36,906
International Maritime Industries (IMI)	3,520	2,691
	<b>537,516</b>	<b>1,351,716</b>

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

	2023	2022
Loan from Public Investment fund (PIF)	-	39,375
ARAMCO and its subsidiaries (note 19)	526,031	151,152

Compensation of key management personnel:

	2023	2022
Salaries and compensations – short term employee benefits	26,456	19,187
End of service award- post-employment benefits	3,280	1,697
<b>Total compensation</b>	<b>29,736</b>	<b>20,884</b>

The Board of Directors remuneration for the year ended 31 December 2023 amounted to SAR 8 million (2022: SAR 3.8 million).

**Trade transactions and related parties' balances with government and government related entities**

Revenues related to transactions with government and government related entities for the year ended 31 December 2023 amounted to SAR 343 million (2022: SAR 375 million), in addition to the amounts disclosed in above note.

As at 31 December 2023, accounts receivable from government and government entities totaled SR 232 million (2022: SR 221 million).

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### 28. FINANCIAL INSTRUMENTS

#### 28.1. Financial Assets

	Note	2023	2022
<b>Financial assets at fair value</b>			
<b>Derivatives not designated as hedging instruments:</b>			
CAP commission options	10	58,523	46,691
<b>Financial assets at fair value through OCI</b>			
Unquoted equity shares	10	16,352	11,899
<b>Total financial assets at fair value</b>		<b>74,875</b>	<b>58,590</b>
<b>Financial assets at amortized cost</b>			
Other non-current financial assets	10	83	5,615
Trade receivables and contract assets	12	1,298,001	2,069,025
Other current financial assets		219,093	100,014
Cash and cash equivalents	14	2,201,632	2,529,358
<b>Total financial assets at amortized cost</b>		<b>3,718,809</b>	<b>4,704,012</b>
<b>Total financial assets</b>		<b>3,793,684</b>	<b>4,762,602</b>

#### 28.2. Financial Liabilities

	Note	2023	2022
<b>Financial liabilities at fair value</b>			
Derivative financial instruments		4,168	5,002
<b>Financial liabilities at amortized cost</b>			
Loans and borrowings	16	7,669,281	9,518,072
Trade and other payables	19	1,752,378	1,486,545
Lease liabilities	18	686,868	438,367
<b>Total financial liabilities at amortized cost</b>		<b>10,108,527</b>	<b>11,442,984</b>
<b>Total financial liabilities</b>		<b>10,112,695</b>	<b>11,447,986</b>

#### 28.3. Fair values of financial instruments

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

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

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

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

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

The Group has derivative financial instruments consisting of commission rate options agreements to hedge against fluctuations in commission rates. The gain or loss from revaluation of these agreements is recognized in the consolidated statement of profit or loss (note 25).

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The fair value hierarchy is as follows:

	2023			Total
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	
<b>FVOCI - equity instrument:</b>				
Unquoted equity shares	-	-	16,352	16,352
<b>Financial instruments measured at FVTPL</b>				
CAP commission option				
Assets	-	58,523	-	58,523
Liabilities	-	4,168	-	4,168

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

Derivative financial instruments include interest rate cap and floor. These derivatives are valued using widely recognized valuation models. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of standard models using present value calculations and mid-market valuations. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including cap/floor volatility, interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices.

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

### 28.4. Financial Risk Management

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

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

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Senior management monitors the financial risk management department. The most important types of risk are summarized below:

### 28.4.1. Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk by dealing with reputable banks and with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-ups.

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from governments, semi-government and commercial customers.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - governments, semi-government and commercial.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2023 and 2022:

	Weighted average loss rate		Gross carrying amount		Impairment allowance	
	2023	2022	2023	2022	2023	2022
Less than 6 months*	2%	1%	1,208,249	1,948,749	19,572	14,828
From 6 months to 12 months	16%	6%	71,807	82,092	11,180	4,626
More than 12 months	73%	72%	181,571	207,027	132,874	149,389
<b>Total</b>			<b>1,461,627</b>	<b>2,237,868</b>	<b>163,626</b>	<b>168,843</b>

\* This includes amount not yet due and amount due between 0 to 90 days amounting to SAR 879 million and SAR 255 million respectively (2022: SAR 835 million and SAR 881 million respectively).

### Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. Limits are designed to minimize risk concentration and decrease financial loss through the inability of the counterparty to make the payments.

Cash balances, Murabaha and short - term deposits and derivative financial instruments are held with banks which are considered as Investment grade financial institutions (BBB and above rating).

### 28.4.2. Liquidity risk

Liquidity risk represents the Group's difficulties in providing funds to meet commitments associated with financial instruments. The Group's liquidity risk management policy is to ensure that sufficient liquidity and financing are available to meet its liabilities when due.

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The amounts in the table below represent contractual undiscounted cash flows:

	2023					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	3,769,281	5,245,801	284,093	592,687	2,155,709	2,213,312
Sukuk	3,900,000	5,685,914	146,653	151,542	1,190,338	4,197,381
Lease liabilities	686,868	758,181	96,667	198,958	407,852	54,704
Trade and other payables	1,752,378	1,752,378	-	1,752,378	-	-
Derivative financial instrument	4,168	4,168	-	-	4,168	-
	<b>10,112,695</b>	<b>13,446,442</b>	<b>527,413</b>	<b>2,695,565</b>	<b>3,758,067</b>	<b>6,465,397</b>

	2022					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	5,618,072	7,107,170	378,701	946,649	4,075,717	1,706,103
Sukuk	3,900,000	5,521,309	115,808	115,808	926,462	4,363,231
Lease liabilities	438,367	481,960	33,310	75,797	296,462	76,391
Trade and other payables	1,486,545	1,486,545	-	1,486,545	-	-
Derivative financial instrument	5,002	5,002	-	-	5,002	-
	<b>11,447,986</b>	<b>14,601,986</b>	<b>527,819</b>	<b>2,624,799</b>	<b>5,303,643</b>	<b>6,145,725</b>

The Group has unutilized credit facilities of SAR 1,505 million as at 31 December 2023 (31 December 2022: SAR 1,329 million) to meet liquidity requirements.

### 28.4.3. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: currency risk, commission rate risk and price risk.

#### Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried in Saudi Riyal, United States Dollar, and United Arab Emirates Dirham. The Group's management believes that currency risk is not significant since the exchange rate of Saudi Riyal is pegged against those currencies.

#### Commission rate risk

Commission rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market commission rates. The Group is subject to commission rate risk on its commission rate bearing assets and liabilities, including bank deposits and loans. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. The Group had executed CAP commission options to hedge the fluctuation in the commission rates.

#### Sensitivity analysis for variable rate financial instruments

The following table demonstrates the sensitivity of income to reasonably possible changes in commission rate on Sukuk and long-term borrowings, with all variables held constant.

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Profit rate	2023	2022
Increase by 100 base points	77,024	95,706
Decrease by 100 base points	(77,024)	(95,706)

#### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are due to factors related to the instrument or its source, or which affect all instruments traded in the market. The Group diversifies its investment portfolio to manage price risk arising from its equity investments.

### 28.4.4. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, Sukuk and long-term borrowings, trade and other payables, lease liabilities, less cash and short-term deposits.

	2023	2022
Loans and borrowings	7,669,281	9,518,072
Trade and other payables (note 19)	1,752,378	1,486,545
Lease liabilities (note 18)	686,868	438,367
Less: Cash and cash equivalents (note 14)	(2,913,117)	(2,529,358)
<b>Net Debt</b>	<b>7,195,410</b>	<b>8,913,626</b>
Total equity	12,642,236	11,115,350
<b>Total capital</b>	<b>12,642,236</b>	<b>11,115,350</b>
<b>Capital and net debt</b>	<b>19,837,646</b>	<b>20,039,350</b>
Gearing ratio	36%	45%

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### 29. CAPITAL COMMITMENTS AND CONTINGENCIES

#### Capital commitments

The Group's capital commitment related to ships under construction and the purchase of property and equipment was SAR 65 million as of 31 December 2023 (31 December 2022: SAR 199 million).

#### Contingencies

The Group has outstanding bank letters of guarantee for SAR 333 million as at 31 December 2023 (31 December 2022: SAR 312 million) issued for the Group's normal course of business.

The Group is involved in legal litigation claims in the ordinary course of business, and there are some claims which are under the process of final settlement. The Group's management does not expect that these claims will have a material adverse effect on the Group's consolidated financial statements.

#### Operating lease- Group as a lessor

The Group, as a lessor, leases certain vessels to a related party based on time charter agreements (note 1). The future amounts receivable under this lease agreement are as follows:

	2023	2022
Within one year	302,480	237,506
After one year but not more than five years	388,838	548,525
	<b>691,318</b>	<b>786,031</b>

Income from time charter agreements under operating leases amounted to SAR 498 million for the year ended 31 December 2023 (31 December 2022: SAR 311 million) (note 21).

### 30. DIVIDENDS

The Board of Directors recommended in its meeting held on 14 March 2023 to the General Assembly of the Company the distribution of cash dividends of SAR 246 million to the shareholders for the financial year ended 31 December 2022 amounting to SAR 0.5 per share. The General Assembly had approved the recommendation in its meeting held on 19 June 2023. These dividends have been paid on 16 July 2023.

### 31. NON-CONTROLLING INTERESTS

Set out below is summarized financial information for each subsidiary that has non-controlling interests, shown in note 1:

2023	National Chemical Carrier Company Limited	Bahri Dry Bulk	Total
Non-controlling interest percentage	20%	40%	
Non-current assets	3,867,334	1,130,837	4,998,171
Current assets	3,555,211	429,331	3,984,542
Non-current liabilities	(1,535,872)	(424,061)	(1,959,933)
Current liabilities	(3,119,805)	(510,394)	(3,630,199)
Net assets	2,766,868	625,713	3,392,581
<b>Net assets attributable to non-controlling interests</b>	<b>553,374</b>	<b>250,285</b>	<b>803,659</b>
Revenue	2,723,197	280,908	3,004,105
Profit for the year	796,859	50,530	847,389
<b>Profit attributable to non-controlling interests</b>	<b>159,372</b>	<b>20,212</b>	<b>179,584</b>
Cash flows from operating activities	1,225,717	61,072	1,286,789
Cash flows from/ (used in) investing activities	72,902	(241,002)	(168,100)
Cash flows (used in)/ from financing activities	(1,008,246)	82,580	(925,666)
Net increase/ (decrease) in cash and cash equivalents	290,373	(97,350)	193,023

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2022	National Chemical Carrier Company Limited	Bahri Dry Bulk	Bahri Logistics (note a)	Total
Non-controlling interest percentage	20%	40%	0%	
Non-current assets	3,939,880	931,673	-	4,871,553
Current assets	669,385	266,596	-	935,981
Non-current liabilities	(2,030,276)	(471,430)	-	(2,501,706)
Current liabilities	(608,398)	(151,645)	-	(760,043)
Net assets	1,970,591	575,194	-	2,545,785
<b>Net assets attributable to non-controlling interests</b>	<b>394,118</b>	<b>230,078</b>	<b>-</b>	<b>624,196</b>
Revenue	2,058,097	296,388	215,047	2,569,482
Profit for the year	374,989	115,503	1,225	491,717
<b>Profit attributable to non-controlling interests</b>	<b>74,997</b>	<b>46,201</b>	<b>490</b>	<b>121,688</b>
Cash flows from operating activities	491,842	152,012	16,467	660,321
Cash flows used in investing activities	(858,909)	(24,579)	(67)	(883,555)
Cash flows from/ (used in) financing activities	408,943	(56,530)	(7,024)	345,389
Net increase in cash and cash equivalents	41,876	70,903	9,407	122,186

On 18 August 2022, the Group acquired an additional 40% in Bahri Logistics Company (Previously: Bahri Bolloré Logistics Company) increasing its ownership to 100%. Cash consideration of SAR 27 million was paid to the non-controlling interest shareholder. Following is a schedule of additional interest acquired in Bahri Logistics Company:

	SAR
Carrying value of the additional interest	30,242
Cash consideration paid to non-controlling shareholder	(27,320)
Difference recognized in retained earnings	2,922

### 32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has approved the consolidated financial statements for the year ended 31 December 2023 in their meeting held on 8 Ramadan 1445H (corresponding to 18th March 2024).



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