

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)**

For the three-month period ended March 31, 2025
together with the

**INDEPENDENT AUDITORS' REVIEW REPORT
ON CONDENSED INTERIM FINANCIAL STATEMENTS**

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended March 31, 2025

Contents	Page
Independent auditor's report on review of condensed interim financial statements	1-2
Condensed interim statement of financial position	3
Condensed interim statement of profit or loss and other comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7 – 17



KPMG Professional Services Company

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Saudi Aramco Base Oil Company - Luberef

Opinion

We have reviewed the accompanying March 31, 2025 condensed interim financial statements of Saudi Aramco Base Oil Company - Luberef ("the Company") which comprises:

- the condensed statement of financial position as at March 31, 2025;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2025;
- the condensed statement of changes in equity for the three-month period ended March 31, 2025;
- the condensed statement of cash flows for the three-month period ended March 31, 2025; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2025 condensed interim financial statements of Saudi Aramco Base Oil Company - Luberef are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Independent auditor's report on review of condensed interim financial statements (continued)


To the Shareholders of Saudi Aramco Base Oil Company - Luberef

Other matter relating to comparative information

The condensed interim financial statements of the Company as at and for the three-month period ended March 31, 2024 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on May 7, 2024.

The financial statements of the Company for the year ended December 31, 2024 were audited by the same other auditor who expressed an unmodified opinion on those financial statements on February 24, 2025.

KPMG Professional Services Company


Abdullah Oudah Althagafi
License No. 455

Jeddah, May 7, 2025
Corresponding to Dhul Qadah 9, 1446H

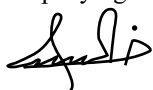


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

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

	<u>Note</u>	As at March 31, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	4,768,648	4,717,668
Right-of-use assets		145,021	149,549
Intangible assets		16,131	17,212
Loans to employees		15,985	18,708
Total non-current assets		4,945,785	4,903,137
Current assets			
Inventories		830,553	670,894
Trade receivables	5	776,825	961,113
Prepayments and other assets		59,328	16,628
Short-term deposits	6	459,060	452,304
Cash and cash equivalents		1,011,352	735,171
Total current assets		3,137,118	2,836,110
Total assets		8,082,903	7,739,247
Equity and liabilities			
Equity			
Share capital		1,687,500	1,687,500
Statutory reserve		506,250	506,250
Treasury shares		(49,238)	(49,238)
Retained earnings		1,930,535	2,252,947
Total equity		4,075,047	4,397,459
Liabilities			
Non-current liabilities			
Borrowings	7	785,054	785,054
Lease liabilities		147,594	149,868
Employee benefit obligations		375,946	345,266
Provision for decommissioning obligation		46,323	46,078
Other non-current liabilities		5,105	4,771
Total non-current liabilities		1,360,022	1,331,037
Current liabilities			
Trade and other payables	8	1,798,181	1,568,543
Dividend payable	16	518,226	--
Accrued expenses and other liabilities		159,530	274,485
Current portion of borrowings	7	117,046	116,455
Current portion of lease liabilities		19,448	19,448
Zakat and income tax payable	12	35,403	31,820
Total current liabilities		2,647,834	2,010,751
Total liabilities		4,007,856	3,341,788
Total equity and liabilities		8,082,903	7,739,247

The accompanying notes form an integral part of these condensed interim financial statements.



Khalid Dawood Al-Faddagh
Delegated Board Member and
Audit Committee's Chairman



Samer Abdulaziz M. Al-Hokail
President & Chief Executive
Officer



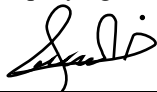
Nasser Adel Gama
Chief Financial Officer (A)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

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

		Three-month period ended	
	Note	March 31, 2025	March 31, 2024
Revenue	10	2,127,958	2,184,790
Cost of revenue	11	(1,840,411)	(1,870,964)
Gross profit		287,547	313,826
Selling and distribution expenses		(5,429)	(10,809)
General and administrative expenses		(53,937)	(55,907)
Impairment loss on trade receivables	5	(1,837)	(995)
Operating profit		226,344	246,115
Finance income		14,371	33,667
Finance cost		(15,624)	(34,591)
Profit before Zakat and income tax		225,091	245,191
Zakat and income tax	12	(3,583)	(6,178)
Profit for the period		221,508	239,013
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement loss on employee benefit obligations		(25,694)	(11,447)
Total comprehensive income for the period		195,814	227,566
Basic and diluted earnings per share	13	1.32	1.42

The accompanying notes form an integral part of these condensed interim financial statements.



Khalid Dawood Al-Faddagh
Delegated Board Member and
Audit Committee's Chairman



Samer Abdulaziz M. Al-Hokail
President & Chief Executive
Officer



Nasser Adel Gama
Chief Financial Officer (A)

SAUDI ARAMCO BASE OIL COMPANY - LUBEREF
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals thousands, unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance as at January 1, 2024 (Audited)	1,687,500	506,250	(49,238)	2,724,281	4,868,793
Profit for the period	--	--	--	239,013	239,013
Other comprehensive loss for the period	--	--	--	(11,447)	(11,447)
Total comprehensive income for the period	--	--	--	227,566	227,566
Dividends (Note 16)	--	--	--	(841,275)	(841,275)
Balance as at March 31, 2024 (Unaudited)	<u>1,687,500</u>	<u>506,250</u>	<u>(49,238)</u>	<u>2,110,572</u>	<u>4,255,084</u>
Balance as at January 1, 2025 (Audited)	1,687,500	506,250	(49,238)	2,252,947	4,397,459
Profit for the period	--	--	--	221,508	221,508
Other comprehensive loss for the period	--	--	--	(25,694)	(25,694)
Total comprehensive income for the period	--	--	--	195,814	195,814
Dividends (Note 16)	--	--	--	(518,226)	(518,226)
Balance as at March 31, 2025 (Unaudited)	<u>1,687,500</u>	<u>506,250</u>	<u>(49,238)</u>	<u>1,930,535</u>	<u>4,075,047</u>

The accompanying notes form an integral part of these condensed interim financial statements.



Khalid Dawood Al-Faddagh
Delegated Board Member and Audit
Committee's Chairman



Samer Abdulaziz M. Al-Hokail
President & Chief Executive Officer



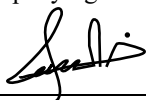
Nasser Adel Gama
Chief Financial Officer (A)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

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

		Three-month period ended	
	Note	March 31, 2025	March 31, 2024
Cash flows from operating activities:			
Profit before Zakat and income tax		225,091	245,191
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	4	57,375	72,791
Depreciation on right-of-use assets		4,528	4,387
Amortisation		1,081	1,082
Finance income		(14,371)	(33,667)
Non-cash employee related expenses		438	782
Finance cost		13,937	32,881
Interest on lease liabilities		1,687	1,710
Provision for employees' benefits obligations		9,375	8,436
Loss on sale of property, plant and equipment		--	36
Impairment loss on trade receivables	5	1,837	995
Allowance for slow moving inventories		174	194
<u>Changes in operating assets and liabilities:</u>			
Inventories		(159,833)	(240,491)
Trade receivables		182,451	(108,703)
Prepayments and other assets		(41,166)	(3,486)
Trade payables		229,637	109,640
Accrued expenses and other liabilities		(114,955)	18,042
Cash generated from operations		397,286	109,820
Finance income received		7,345	40,884
Employee benefit obligations paid		(4,389)	(5,104)
Net cash generated from operating activities		400,242	145,600
Cash flows from investing activities:			
Purchase of property, plant and equipment		(108,355)	(28,586)
Purchase of intangible assets		--	(6,221)
Withdrawals from short-term deposits		--	1,193,111
Collection against employee loans		1,355	1,188
Disbursement of employee loans		--	(1,120)
Net cash (used in) / generated from investing activities		(107,000)	1,158,372
Cash flows from financing activities:			
Repayments of borrowings		--	(937,500)
Repayment of lease liabilities		(3,961)	(563)
Finance cost paid		(13,100)	(33,641)
Net cash used in financing activities		(17,061)	(971,704)
Net increase in cash and cash equivalents		276,181	332,268
Cash and cash equivalents at the beginning of the period		735,171	545,960
Cash and cash equivalents at the end of the period		1,011,352	878,228

The accompanying notes form an integral part of these condensed interim financial statements.



Khalid Dawood Al-Faddagh
Delegated Board Member and
Audit Committee's Chairman



Samer Abdulaziz M. Al-Hokail
President & Chief Executive
Officer



Nasser Adel Gama
Chief Financial Officer (A)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Saudi Aramco Base Oil Company – Luberef (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia. The Company commenced its operations in Jeddah in 1978 and in Yanbu in 1998. The purpose of the Company is to construct, own and operate refineries of base oils and to purchase, sell, transport, market, import and export base oils, additives, base oil blending stocks, by-products and other related petroleum products.

The Company is registered under Commercial Registration (“CR”) number 4030010447 issued in Jeddah on Ramadan 3, 1396H (corresponding to August 29, 1976). The Company was converted from a limited liability company to a closed joint stock company pursuant to resolution number 1173 dated Muharram 20, 1444H (corresponding to August 18, 2022) issued by the Ministry of Commerce. On December 28, 2022, the Company completed its Initial Public Offering and its ordinary shares were listed on the Saudi Stock Exchange (“Tadawul”).

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

Saudi Arabian Oil Company (“Saudi Aramco”) owns 70% shareholding of the Company. The Saudi Arabian Government is the largest shareholder with 81.48% direct shareholding in Saudi Aramco. Saudi Aramco is the immediate parent of the Company. The Company is ultimately controlled by the Government of Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These condensed interim financial statements do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and should be read in conjunction with the Company’s last annual financial statements for the year ended December 31, 2024. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of changes in the Company’s financial position and performance since the last annual financial statements. An interim period is considered as an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in Saudi Riyals thousands, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.2 Basis of measurement

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

2.3 New and amended standards

Standards, interpretations and amendments adopted

The Company has applied the following amendments for the first time for the annual reporting period commencing January 1, 2025:

<i>Standard / Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

The adoption of above amendments does not have any material impact on the condensed interim financial statements during the period.

Standards, interpretations and amendments issued but not yet effective

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

<i>Standard / Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Company is currently assessing the implications of adopting the above-mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Company based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in Saudi Riyals thousands, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

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

	<u>Manufacturing plants</u>	<u>Buildings and leasehold improvements</u>	<u>Furniture and fixtures</u>	<u>Other machinery and equipment</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost:							
January 1, 2025	7,942,022	333,386	27,367	247,504	3,087	435,891	8,989,257
Additions	--	--	--	--	--	108,355	108,355
Transfers	2,831	--	--	--	--	(2,831)	--
March 31, 2025	7,944,853	333,386	27,367	247,504	3,087	541,415	9,097,612
Accumulated Depreciation:							
January 1, 2025	3,733,745	291,736	27,148	216,280	2,680	--	4,271,589
Charge for the period	54,873	1,394	18	1,044	46	--	57,375
March 31, 2025	3,788,618	293,130	27,166	217,324	2,726	--	4,328,964
Carrying Value:							
At March 31, 2025 (Unaudited)	4,156,235	40,256	201	30,180	361	541,415	4,768,648
At December 31, 2024 (Audited)	4,208,277	41,650	219	31,224	407	435,891	4,717,668

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

5. TRADE RECEIVABLES

	<u>Note</u>	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade receivables		270,921	398,638
Related parties	9	521,536	576,270
		792,457	974,908
Allowance for impairment loss		(15,632)	(13,795)
		776,825	961,113

Related parties' balances amounting to Saudi Riyals 451.81 million (December 31, 2024: Saudi Riyals 446.73 million) have been offset against the related parties' trade payables in the condensed interim statement of financial position (refer note 8).

Movement in allowance for impairment losses of trade receivables is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Opening balance	13,795	12,295
Charge for the period / year	1,837	1,500
Closing balance	15,632	13,795

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

	Total	Not due	Past due				
			Less than 3 months	3 to 6 months	6 to 12 months	12 to 24 months	More than 24 months
March 31, 2025 (Unaudited)	792,457	455,264	330,164	--	--	7,029	--
December 31, 2024 (Audited)	974,908	917,146	25,214	20,308	8,325	3,915	--

As at March 31, 2025, the allowance for impairment loss for related parties' trade receivables amounted to Saudi Riyals 2.38 million (December 31, 2024: Saudi Riyals 2.49 million) and for third parties' trade receivables amounted to Saudi Riyals 13.25 million (December 31, 2024: Saudi Riyals 11.31 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in Saudi Riyals thousands, unless otherwise stated)

6. SHORT-TERM DEPOSITS

At March 31, 2025, the Company invested Saudi Riyals 450.14 million (December 31, 2024: Saudi Riyals 450.14 million) in Murabaha deposits and as of that date the accrued profit from Murabaha deposits amounted to Saudi Riyals 8.92 million (December 31, 2024: Saudi Riyals 2.16 million). These short-term deposits, with maturity periods ranging from 94 days to 170 days, were held with commercial banks and are due to mature by April 3, 2025.

The Company has placed Saudi Riyals 120 million with banks owned by Saudi government entities (December 31, 2024: Saudi Riyals 120 million).

The Murabaha deposits are held with banks having sound credit ratings. The fair value at each reporting date is estimated to be the same as their carrying value as they are short-term in nature and profit on Murabaha deposits is based on market prevailing rates.

7. BORROWINGS

Borrowings comprise of the following:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Islamic banking facilities (Murabaha)	902,100	901,509
Less: current portion of borrowings	(117,046)	(116,455)
	785,054	785,054

Currency denomination of the borrowings is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Saudi Riyals	466,162	465,504
United States Dollars ("USD")	435,938	436,005
	902,100	901,509

The long-term borrowing agreements contain certain covenants, which among other things, require the Company to maintain net debt to equity and certain other financial ratios. As at March 31, 2025 and December 31, 2024, the Company was compliant with all the covenants with the banks.

As at March 31, 2025, the Company has two Islamic credit facilities from local commercial banks for managing its working capital amounting to Saudi Riyals 415 million (December 31, 2024: Saudi Riyals 415 million). There are no financial covenants applicable to the Company under such facilities with the respective bank. The facilities are unsecured. The maturity of the Islamic credit facilities are within twelve months. Total unused credit facilities available to the Company as at March 31, 2025 is Saudi Riyals 415 million (December 31, 2024: Saudi Riyals 415 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

8. TRADE AND OTHER PAYABLES

	Note	March 31, <u>2025</u> (Unaudited)	December 31, <u>2024</u> (Audited)
Related parties	9	1,660,580	1,447,259
Third parties		76,070	72,788
Employees' thrift plan		30,025	30,115
Advances from customers		31,506	18,381
		<u>1,798,181</u>	<u>1,568,543</u>

Related parties' balances amounting to Saudi Riyals 451.81 million (December 31, 2024: Saudi Riyals 446.73 million) have been offset against the related parties' trade receivables in the condensed interim statement of financial position (refer note 5).

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the shareholders and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Moreover, the Company is ultimately controlled by the Government of the Kingdom of Saudi Arabia (refer note 1). The Company applies the exemption in IAS 24 Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

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

Shareholder and Immediate Parent

Saudi Arabian Oil Company ("Saudi Aramco")

Entities under common control

Saudi Aramco Mobil Refinery Company Ltd. ("SAMREF")

S-Oil Singapore Pte. Ltd.

S-Oil Corporation

Motiva Trading LLC

Aramco Chemical Company

Aramco Lubricants and Retail Company

Saudi Aramco Technologies Company

Aramco Trading Company

Transactions with key management personnel

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

	For the three-month period ended March 31,	
	<u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)
Short-term employee benefits	16,955	16,325
Provision for employee benefit obligations	1,547	1,627

During the period, the Company has remunerated Saudi Riyals 0.24 million to non-executive independent directors for attending the Board of Directors' meetings (three-month period ended March 31, 2024: Saudi Riyals 1.09 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in Saudi Riyals thousands, unless otherwise stated)

9. RELATED PARTY TRANSACTION AND BALANCE (continued)

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

<u>Related party</u>	<u>Nature of transaction</u>	<u>Transactions</u>		<u>Balance as at</u>	
		<u>March 31,</u> <u>2025</u>	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Due from related parties					
Saudi Aramco	Sales of by products	876,174	829,886	263,420	330,200
SAMREF	Sales of by products	109,288	152,632	92,881	128,058
S-Oil Singapore Pte. Ltd.	Sales of base oil	245,492	83,468	126,761	77,584
S-Oil Corporation	Sales of base oil	34,594	--	14,340	13,018
Motiva Trading LLC	Sales of base oil	21,484	--	21,131	23,664
Aramco Lubricants and Retail Company	Sales of base oil	6,898	11,936	3,003	3,746
				<u>521,536</u>	<u>576,270</u>
Due to related parties					
Saudi Aramco	Purchase of feedstock, materials and utilities	1,652,994	1,727,734	1,602,954	1,429,361
	Technical and management support services	6,221	3,447	18,941	17,490
	Lease rental for Jeddah refinery land	--	661	--	--
SAMREF	Purchase of feedstock, material and utilities	8,150	--	7,256	--
S-Oil Corporation	Purchase of base oil	12,822	31,156	31,429	408
				<u>1,660,580</u>	<u>1,447,259</u>

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

Please refer to Note 5 for the impairment loss charge for the period ended March 31, 2025 and 2024.

The Company has Saudi Riyals 162.44 million (December 31, 2024: Saudi Riyals 32.95 million) as cash with banks owned by Saudi government entities. For short-term deposits, please refer to Note 6.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

10. REVENUE

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

	For the three-month period ended March 31,	
	<u>2025</u>	<u>2024</u>
	(Unaudited)	(Unaudited)
Revenue from base oil sales	1,060,672	1,106,972
Revenue from by-products sales	1,067,286	1,077,818
	<u>2,127,958</u>	<u>2,184,790</u>

During the three-month period ended March 31, 2025, the Company has recognized revenue from freight services amounting to Saudi Riyals 35.54 million (three-month period ended March 31, 2024: Saudi Riyals 22.39 million) that is included in above revenue balances.

The management has categorized its geographical operations as follows:

	For the three-month period ended March 31,	
	<u>2025</u>	<u>2024</u>
	(Unaudited)	(Unaudited)
Geographic information		
Revenues from local sales		
Kingdom of Saudi Arabia	1,382,701	1,384,275
Revenues from export sales		
United Arab Emirates	322,683	511,673
India	160,298	193,640
Singapore	66,516	9,011
Others	195,760	86,191
Total	<u>2,127,958</u>	<u>2,184,790</u>

11. COST OF REVENUE

	Note	For the three-month period ended March 31,	
		<u>2025</u>	<u>2024</u>
		(Unaudited)	(Unaudited)
Cost of materials		1,633,996	1,628,348
Depreciation on property, plant and equipment	4	57,279	72,658
Freight cost		58,484	69,909
Employee related costs		63,126	47,861
Depreciation on right-of-use assets		3,488	3,347
Others		24,038	48,841
		<u>1,840,411</u>	<u>1,870,964</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

12. ZAKAT AND INCOME TAX

12.1 Charge for the period

The charge for the three-month periods ended March 31, consists of the following:

	For the three-month period ended March 31,	
	<u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)
Zakat charge	3,583	6,178

12.2 Provision for Zakat and income tax

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

	<u>Income tax</u>	<u>Zakat</u>	<u>Total</u>
At January 1, 2024 (Audited)	9,981	69,346	79,327
Prior year reversal	(7,916)	--	(7,916)
Charge for the year	--	24,301	24,301
Payment	(2,065)	(61,827)	(63,892)
At December 31, 2024 (Audited)	--	31,820	31,820
Charge for the period	--	3,583	3,583
At March 31, 2025 (Unaudited)	--	35,403	35,403

12.3 Status of certificates and final assessments

The Company has filed its Zakat and income tax return up to the year ended December 31, 2023. The Company is in process to file its Zakat and income tax return for the year ended December 31, 2024.

13. EARNINGS PER SHARE

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

	For the three-month period ended March 31,	
	<u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)
Net profit attributable to owners of the Company	221,508	239,013
Weighted average number of shares	168,255	168,254
Basic / diluted earnings per share (Saudi Riyals per share)	1.32	1.42

As at March 31, 2025, the Company does not have any potential ordinary shares.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

14. OPERATING SEGMENT

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

The Company has determined that the Company's Board of Directors and the President & CEO, being Chief Operating Decision Maker ("CODM") and are responsible for making decisions regarding the allocation of resources and assessment of performance of the Company. The CODM monitors the operating results of the Company as a whole for the purpose of making decisions about resource allocation and performance assessment of the Company's business. The CODM evaluates the performance on the basis of revenues, total operating expenses, Earning Before Interest, Tax and Depreciation (EBITDA), net income and return on equity.

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

15. COMMITMENTS AND CONTINGENCIES

15.1 Commitments

As at March 31, 2025, the Company had outstanding capital commitments of Saudi Riyals 1,045.9 million (December 31, 2024: Saudi Riyals 1,264.50 million) in respect of additions to property, plant and equipment at its Jeddah and Yanbu refineries.

15.2 Contingencies

As at March 31, 2025 the letters of guarantees issued by banks on behalf of the Company amounted to Saudi Riyals 3.86 million (December 31, 2024: Saudi Riyals 3.86 million) and letters of credit issued by banks on behalf of the Company is Saudi Riyals 79.43 million (December 31, 2024: Saudi Riyals 59.17 million).

16. DIVIDEND

On February 16, 2025, the shareholders approved a dividend of Saudi Riyals 518.23 million for Saudi Riyals 3.08 per share.

17. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

The Board of Directors has delegated their authority for approval of the condensed interim financial statements to the Board Audit Committee members and accordingly these condensed interim financial statements was approved and authorized for issue by the Board Audit Committee members of the Company on May 1, 2025, corresponding to Dhul Qadah 3, 1446H.