

Board Committees

Audit Committee Chairman’s Statement

For the Year Ended 31 December 2025



Dear Shareholders,

I am pleased to present the Audit Committee Report for the year ended December 31, 2025. This report outlines the Committee’s continued efforts to uphold the integrity, transparency, and reliability of the Company’s financial reporting and governance practices, and reflects our commitment to effective oversight, sound judgment, and the highest standards of accountability.

Throughout the year, the Committee maintained active oversight of the Company’s financial reporting process, internal control environment, and compliance framework. We worked closely with the Board of Directors and Management to monitor business developments, address emerging risks, and support the continued enhancement of the enterprise risk management framework.

The Committee remained actively engaged with Management on financial performance matters, providing constructive challenge and guidance on key financial assumptions, controls, and reporting practices, with a continued focus on safeguarding shareholder interests and supporting sustainable value creation.

The Committee continued to oversee the Internal Audit function, ensuring its independence, objectivity, and effectiveness. During 2025, Internal Audit delivered its approved plan in full and further strengthened its risk-based approach, advisory role, and digital capabilities. The Committee also reviewed Internal Audit’s conformance with the new Global Internal Audit Standards and supported actions taken to ensure full alignment.



Recognizing the growing importance of cybersecurity and technology risks, the Committee maintained a focused oversight on the Company’s cybersecurity posture and controls. During the year, attention was given to strengthening business continuity capabilities, identity and access management processes, and employee’s awareness programs, to enhance the Company’s overall resilience against potential cybersecurity threats.

The Committee also maintained close engagement and open dialogue with the External Auditor, to verify their independence, the audit scope quality, timeliness, and financial reporting transparency.

The Committee remains committed to supporting the Board in strengthening the Company’s overall governance, resilience, and long-term value creation for the shareholders.

Yours sincerely,
Chairman of the Audit Committee
Dr. Khalid D. Al Faddagh

Audit Committee Annual Report

For the Financial Year Ended 31 December 2025

1. Introduction

The Audit Committee (“the Committee”) is pleased to present its Annual Report to the Board of Directors for the financial year ended 31 December 2025. This report summarizes the Committee’s activities and how it discharged its responsibilities in accordance with its Charter,

delegated authorities, applicable regulations, and recognized corporate governance best practices.

During the year, the Committee supported the Board in overseeing financial reporting, internal controls, risk management, cybersecurity, compliance and internal and external audit matters.

2. Committee Meetings, Attendance, and Access

During the year, the Audit Committee held six (6) meetings. Attendance by Committee members reflects strong engagement and commitment to the Committee’s fiduciary responsibilities.

#	Name	Position	Feb 13, 2025	May 1, 2025	Jun 23, 2025	July 31, 2025	Oct 30, 2025	Dec 3, 2025
1	Khalid D. Al Faddagh ¹	Chairperson	•	•	•	•	•	•
2	Abdulatif S. Al Shami ²	Vice Chairperson	•	•	•	•	•	•
3	Mohammed F. Al Ahmari ²	Member	•	•	•	•	•	•

The President & Chief Executive Officer, the Chief Financial Officer, the General Auditor (who also serves as Committee Secretary), as well as representatives of the External Auditor, are regularly invited to attend the Committee meetings. When required, other members are invited to address specific matters and provide deeper insight on topics relevant to the Committee’s responsibilities.

the Committee, without the presence of Executive Management when deemed appropriate. These sessions provided additional opportunity for open dialogue, independent discussion, and candid feedback.

Following each Audit Committee meeting, the Chairman of the Committee reported in every Board meeting to the Board of Directors key matters discussed, conclusions reached, and recommendations made.

The General Auditor and the External Auditor had direct access to the Chairman of the Audit Committee and met in a private session with

¹ Chairperson.

² Member.

3. Financial Reporting and Financial Performance Oversight

The Committee reviewed and discussed with Management and the External Auditor the Company's quarterly and annual financial statements prior to submission to the Board.

In accordance with the authority delegated by the Board of Directors, the Audit Committee approved the Company's interim financial statements during the year.

The Committee also engaged with Management on the Company's overall financial performance, challenging their key assumptions, drivers, and identified risks in order to enhance transparency and discipline in financial reporting.

4. External Audit

The Committee oversaw all matters related to the External Auditor during the year, including the review of audit scope, audit plan, fees, and key audit matters. Regular engagement with the External Auditor enabled open dialogue and constructive challenge, contributing to the overall audit quality and financial reporting integrity.

The Committee is satisfied that the External Auditor maintained independence and objectivity and performed its duties in accordance with applicable regulations and professional standards.

5. Internal Audit

The Committee maintained oversight of the Internal Audit function, ensuring its independence, effectiveness, and alignment with the Company's strategy and risk profile.

During 2025, Internal Audit achieved several key milestones, including:

- Full execution of the approved Annual Audit Plan with no carry-forward engagements.
- Optimization of the audit universe, completion of a comprehensive risk assessment, and development of a five-year rolling audit plan.
- Expansion of the advisory role through major assessments.
- Completion of a gap assessment against the Global Internal Audit Standards and implementation of actions to support full conformance.
- Advancement of audit digital maturity through automation and data analytics.
- Achievement of a high implementation rate for audit recommendations.

- Client satisfaction levels exceeding established target.

The Committee also reviewed and approved the Internal Audit Plan and budget for the year 2026.

6. Risk Management and Internal Controls

The Committee reviewed updates on the Company's enterprise risk management (ERM) framework and internal control environment.

During the year:

- An ERM maturity assessment was conducted, identifying opportunities for improvement.
- A number of recommended enhancements were implemented, contributing to an advancement in ERM maturity.
- A Risk Management Steering Committee was established to oversee key strategic risks.
- ERM reporting was enhanced through the introduction and integration of a velocity-based risk matrix concept.

In addition, the Company adopted the Saudi Aramco Controller's Group Governance Framework (CGGF), strengthening governance over financial reporting and internal controls and aligning practices with COSO and IFRS principles.

7. Cybersecurity and Information Technology Risk Oversight

Cybersecurity and technology risks continued to receive focused attention from the Committee as part of its oversight of internal controls and risk management.

Key areas of oversight during 2025 included:

- Enhancement of business continuity and resilience capabilities.
- Strengthening of employee onboarding and offboarding processes.
- Execution of cybersecurity awareness initiatives across the Company's operations.

The Committee is satisfied that cybersecurity risks are appropriately governed and monitored.



8. Compliance, Ethics, and Whistleblowing

The Committee oversaw compliance activities and regulatory developments during the year. A key achievement was the approval of several critical policies and procedures, including those relating to insider trading, anti-corruption, privacy and data protection, competition law, international trade, and misconduct reporting and investigation.

The Committee also ensured that effective whistleblowing arrangements remain in place. No instances of fraud were reported during the year.

9. Governance and Other Matters

During the year, the Committee:

- Considered relevant supervisory and regulatory matters.
- Received management assurances regarding internal controls, risk management, and cybersecurity.

The Committee maintained open and constructive dialogue with Management, Internal Audit, and the External Auditor throughout the year.

10. Conclusion

Based on the work performed and information received during 2025, the Audit Committee is satisfied that the Company's:

- Financial reporting processes are sound and transparent.
- Internal control and risk management systems are operating effectively.
- Cybersecurity and technology risks are appropriately mitigated and governed.
- Internal Audit and External Audit functions remain independent, objective, and effective.
- Overall governance maturity continues to strengthen.



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

FINANCIAL STATEMENTS
For the year ended December 31, 2025
with
INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS
For the year ended December 31, 2025

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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
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Saudi Aramco Base Oil Company – Luberef

Opinion

We have audited the financial statements of Saudi Aramco Base Oil Company – Luberef (“the Company”), which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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



Independent Auditor's Report

To the Shareholders of Saudi Aramco Base Oil Company – Luberef (continued)

Revenue recognition

Refer to Notes 3 and 4.19 for the accounting estimate, accounting policy relating to revenue recognition and Note 25 for the related disclosures in the accompanying financial statements.

The key audit matter

During the year ended 31 December 2025, the Company recognised revenue amounting to Saudi Riyals 8,103 million from the sale of base oil, by-products and freight services to domestic and international customers.

Revenue recognition requires the identification of performance obligations under contracts with customers and the determination of the appropriate timing of revenue recognition in accordance with International Financial Reporting Standard 15 Revenue from Contracts with Customers ("IFRS 15"). Revenue from the sale of goods is recognised at a point in time when control of the goods is transferred to customers, while revenue from freight services is recognised over time as the related shipping services are rendered.

Revenue recognition also requires an assessment of whether the Company acts as a principal or an agent in certain customer arrangements, which affects whether revenue is recognised on a gross or net basis.

Revenue is a key performance indicator for the Company and, due to the significance of revenue, the volume of transactions and the complexity of revenue recognition, there is an inherent risk of material misstatement. Accordingly, revenue recognition was considered a key audit matter.

How the matter was addressed in our audit

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

- Evaluated the appropriateness of accounting policies for revenue recognition against requirements of relevant accounting standards;
- Evaluated the design and implementation of the Company's key controls over revenue recognition;
- Examined contractual terms by inspecting relevant documentation and agreements with customers on a sample basis to assess the appropriateness of identification of performance obligations and whether the Company acted as a principal or an agent;
- Tested a sample of sales transactions recorded during the year to assess the adequacy of timing of revenue recognition by inspecting the supporting documentation;
- Performed cut-off testing on a sample of sales transactions before and after year-end to assess whether the revenue has been recognised during the appropriate reporting period; and
- Assessed the adequacy of the relevant disclosures in accordance with the requirements of applicable financial reporting framework included in the financial statements.

Other Matter Relating to Comparative Information

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



Independent Auditor's Report

To the Shareholders of Saudi Aramco Base Oil Company – Luberef (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 financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report

To the Shareholders of Saudi Aramco Base Oil Company – Luberef (continued)

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Saudi Aramco Base Oil Company – Luberef ("the Company").

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

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

KPMG Professional Services Company

Abdullah Oudah Althagafi
License No. 455



Jeddah, February 15, 2026
Corresponding to Shaban 27, 1447H



STATEMENT OF FINANCIAL POSITION

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

	Notes	As at December 31, <u>2025</u>	As at December 31, <u>2024</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,917,823	4,717,668
Right-of-use assets	6	143,535	149,549
Intangible assets	7	26,567	17,212
Loans to employees	9	14,869	18,708
Total non-current assets		5,102,794	4,903,137
Current assets			
Inventories	10	643,757	670,894
Trade receivables	11	415,563	961,113
Prepayments and other assets	12	71,139	16,628
Short-term deposits	13	385,763	452,304
Cash and cash equivalents	14	987,383	735,171
Total current assets		2,503,605	2,836,110
Total assets		7,606,399	7,739,247
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,687,500	1,687,500
Statutory reserve	16	--	506,250
Treasury shares	15	(48,682)	(49,238)
Retained earnings		2,943,628	2,252,947
Total equity		4,582,446	4,397,459
Liabilities			
Non-current liabilities			
Borrowings, non-current portion	18	651,304	785,054
Lease liabilities, non-current portion	6	133,831	149,868
Employee benefit obligations	19	349,599	345,266
Provision for decommissioning obligation	21	47,059	46,078
Other non-current liabilities	20	505	4,771
Total non-current liabilities		1,182,298	1,331,037
Current liabilities			
Trade and other payables	22	1,414,269	1,568,543
Accrued expenses and other liabilities	23	238,806	274,485
Borrowings, current portion	18	133,867	116,455
Lease liabilities, current portion	6	30,061	19,448
Zakat and income tax payable	31	24,652	31,820
Total current liabilities		1,841,655	2,010,751
Total liabilities		3,023,953	3,341,788
Total equity and liabilities		7,606,399	7,739,247

The accompanying notes from 1 to 36 form an integral part of these financial statements.

Ibrahim Qassim Al-Buainain
Chairman of the Board

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

Saud Fouad Kamakhi
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All amounts in Saudi Riyals thousands, unless otherwise stated)

	Notes	Year ended December 31, 2025	Year ended December 31, 2024
Revenue	25	8,103,355	10,035,854
Cost of revenue	26	(6,924,583)	(8,700,229)
Gross profit		1,178,772	1,335,625
Selling and distribution expenses	27	(36,285)	(64,210)
General and administrative expenses	28	(252,903)	(281,252)
Impairment reversal / (loss) on financial assets	11	1,409	(1,500)
Other (expenses) / income		(561)	11,982
Operating profit		890,432	1,000,645
Finance income	29	46,649	79,942
Finance cost	30	(63,146)	(92,174)
Profit before Zakat and income tax		873,935	988,413
Zakat and income tax	31	(18,620)	(16,385)
Profit for the year		855,315	972,028
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement gain on employee benefit obligations	19	15,602	3,631
Total comprehensive income for the year		870,917	975,659
Basic and diluted earnings per share	17	5.08	5.78

The accompanying notes from 1 to 36 form an integral part of these financial statements.


Ibrahim Qassim Al-Buainain
Chairman of the Board


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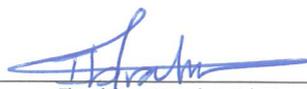
SAUDI ARAMCO BASE OIL COMPANY – LUBEREF
(A Saudi Joint Stock Company)

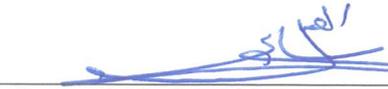


STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals thousands, unless otherwise stated)

	Share capital	Statutory reserve	Treasury shares	Retained earnings	Total equity
Balance as at January 1, 2024	1,687,500	506,250	(49,238)	2,724,281	4,868,793
Profit for the year	--	--	--	972,028	972,028
Other comprehensive income for the year	--	--	--	3,631	3,631
Total comprehensive income for the year	--	--	--	975,659	975,659
<u>Transactions with owners:</u>					
Dividends (Note 15)	--	--	--	(1,446,993)	(1,446,993)
Balance as at December 31, 2024	1,687,500	506,250	(49,238)	2,252,947	4,397,459
Balance as at January 1, 2025	1,687,500	506,250	(49,238)	2,252,947	4,397,459
Profit for the year	--	--	--	855,315	855,315
Other comprehensive income for the year	--	--	--	15,602	15,602
Total comprehensive income for the year	--	--	--	870,917	870,917
Transfer (Note 16)	--	(506,250)	--	506,250	--
Treasury shares issued to employees (Note 15)	--	--	556	--	556
<u>Transactions with owners:</u>					
Dividends (Note 15)	--	--	--	(686,486)	(686,486)
Balance as at December 31, 2025	1,687,500	--	(48,682)	2,943,628	4,582,446

The accompanying notes from 1 to 36 form an integral part of these financial statements.


Ibrahim Qassim Al-Buainain
Chairman of the Board


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


Saud Fouad Kamakhi
Chief Financial Officer

STATEMENT OF CASH FLOWS

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

	Notes	Year ended December 31, 2025	Year ended December 31, 2024
Cash flows from operating activities:			
Profit before Zakat and income tax		873,935	988,413
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	228,938	249,446
Depreciation of right-of-use assets	6	22,906	17,549
Amortisation of intangible assets	7	5,786	4,328
Finance income	29	(46,649)	(79,942)
Non-cash employee expenses		1,631	1,937
Finance cost	30	63,146	92,174
Provision for employee benefits obligations	19	37,501	33,745
Insurance claim compensation	10	--	(10,131)
Loss on disposals of property and equipment		82	112
Impairment (reversal) / loss on financial assets	11	(1,409)	1,500
Write-off of trade receivables		--	1,518
Allowance / (reversal) for inventory obsolescence	10	633	(2,940)
<i>Changes in:</i>			
Inventories		26,504	(44,989)
Trade receivables		546,959	89,699
Prepayments and other assets		(54,232)	9,125
Trade and other payables		(154,274)	394,379
Accrued expenses and other liabilities		(34,076)	47,453
Cash generated from operations		1,517,381	1,793,376
Finance income received		43,500	93,019
Employee benefit obligations paid		(17,566)	(14,027)
Zakat and income tax paid	31	(25,788)	(63,892)
Net cash generated from operating activities		1,517,527	1,808,476
Cash flows from investing activities:			
Purchase of property, plant and equipment	5	(429,287)	(196,595)
Proceeds from disposal of property and equipment		112	--
Purchase of intangible assets	7	(15,141)	(6,221)
Investment in short-term deposits		(706,168)	(880,298)
Withdrawals from short-term deposits		773,233	2,049,899
Insurance claim compensation received		--	10,131
Collection against employees' loans		4,903	3,836
Disbursement of employees' loans		(5,661)	(4,201)
Net cash (used in) / generated from investing activities		(378,009)	976,551

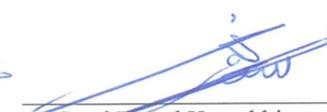
STATEMENT OF CASH FLOWS (CONTINUED)
(All amounts in Saudi Riyals thousands, unless otherwise stated)

	Notes	Year ended December 31, <u>2025</u>	Year ended December 31, <u>2024</u>
Cash flows from financing activities:			
Repayment of borrowings		(116,304)	(1,039,266)
Dividends paid	15	(686,486)	(1,446,993)
Repayment of principal portion of lease liabilities	6	(22,316)	(16,954)
Finance costs paid on lease liabilities	6	(9,063)	(7,155)
Finance cost paid		(53,137)	(85,448)
Net cash used in financing activities		(887,306)	(2,595,816)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		735,171	545,960
Cash and cash equivalents at the end of the year	14	987,383	735,171

The accompanying notes from 1 to 36 form an integral part of these financial statements.


Ibrahim Qassim Al-Buainain
Chairman of the Board


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


Saud Fouad Kamakhi
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(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 having unified number 7000875133 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 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 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 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 of Saudi Aramco with 81.48% direct shareholding. 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 financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia as well as other standards and pronouncements issued by SOCPA (collectively referred to as “IFRS as endorsed in KSA”).

2.2 Basis of measurement

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

- The employee benefit obligations which is recognised at the present value of future obligations using the Projected Unit Credit Method; and
- Lease liabilities which are recognised at the present value of future lease payments.

These financial statements are presented in thousands of Saudi Riyal, which is the Company’s functional and presentation currency. These financial statements have been rounded off to the nearest Saudi Riyal thousands, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

2. BASIS OF PREPARATION (continued)

2.3 New standards, interpretations and amendments

Standards, interpretations and amendments adopted

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

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective date</u>
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 financial statements during the year.

Standards, interpretations and amendments issued but not yet effective

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

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	January 1, 2026
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Amendments to: <ul style="list-style-type: none"> • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash flows 	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

2. BASIS OF PREPARATION (continued)

2.3 New standards, interpretations and amendments (continued)

Standards, interpretations and amendments issued but not yet effective (continued)

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IAS 21	The effects of changes in foreign exchange rates	January 1, 2027
IFRS 10 and IAS 28	Sale or contribution of assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	To be determined

Management is in the process of assessing the impact, if any, these pronouncements may have in future reporting periods.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful life of property, plant and equipment

The Company's management determines the estimated useful life of its property, plant and equipment for calculating depreciation based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and the estimated period during which the assets are expected to earn benefits for the Company as well as the duration of lease periods. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance plan; and (c) the technical or commercial obsolescence arising from changes in market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

The management periodically reviews the estimated useful lives, residual values and the depreciation method to ensure that depreciation is consistent with the expected pattern of economic benefit of the assets. The Company's assets, classified within property, plant and equipment, are depreciated on a straight -line basis over their economic useful lives.

Provision for inventory obsolescence

The Company makes a provision for obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of the year.

Employee benefit obligations

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

The parameter most subject to change is the discount rate. With respect to determining the appropriate discount rate, yield and duration of high-quality bonds obligation, as designated by an internationally acknowledged rating agency, are extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. See Note 19 for further details.

Expected Credit Loss (ECL) measurement on financial assets

Measurement of ECL is a significant estimate that involves determination methodology, models and data inputs. The Company uses supportable forward-looking information for measurement of ECL. Details of ECL measurement methodology are disclosed in Note 32.2. The components that have a major impact on credit loss allowance are probability of default (“PD”) and loss given default (“LGD”), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs of the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Decommissioning obligation

The Company's operational activities are subject to various laws and regulations. The Company estimates decommissioning obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the lease agreements and engineering estimates. A provision is made for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to laws and regulations and life of assets estimates could affect the carrying amount of this provision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Right-of-use assets and lease liabilities

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

Revenue recognition

The Company has agreements with Saudi Aramco to purchase feedstock for the Company's Jeddah and Yanbu refineries and to supply certain by-products back to Saudi Aramco after the feedstock has been processed and base oil extracted for sale to its other customers (see Note 25). The Company accounts for these transactions separately as purchases of feedstock from, and sales of by-products to, Saudi Aramco, instead of provision of processing services. This is on the basis of the Company's ability to control, obtaining substantial economic benefits and decision making relating to feedstock used and mix of the products produced which are substantially different from the feedstock purchased.

4. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following material accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

4.1 Foreign currencies

The financial statements include the financial statements of the Company's branch in Hamriyah Free Zone Authority, United Arab Emirates (UAE). The reporting period of the Company's branch is same as that of the Company i.e. December 31. The Company's branch transactions are principally in United Arab Emirates Dirhams and United States Dollars.

4.2 Current vs non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. **MATERIAL ACCOUNTING POLICIES (continued)**

4.2 **Current vs non-current classification (continued)**

The Company classifies all other assets as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period; or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

4.3 **Property, plant and equipment**

Initial recognition

Property, plant and equipment is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the property, plant and equipment will flow to the Company, and the cost of the asset can be measured reliably. Property, plant and equipment is recognised and measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost, such as site preparation cost, delivery, installation costs, relevant professional fees and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such cost is recognised as a provision).

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item and such parts have a useful life different from other parts, the Company recognises such parts as individual assets and depreciates them accordingly.

Major spare parts qualify for recognition as property, plant and equipment when the Company expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Planned turnaround costs are deferred and depreciated over the period until the date of the next planned turnaround. Should an unexpected turnaround occur prior to the previously envisaged date of planned turnaround, the previously undepreciated deferred costs are immediately expensed, and the new turnaround costs are depreciated over the period likely to benefit from such costs.

Subsequent measurement

The Company adopts the cost model to measure the entire class of property, plant and equipment. After recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and impairment losses, if any.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment (continued)

Depreciation

Useful lives are determined by management based on the expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is calculated on a straight-line basis over the below useful lives and is recognised in the statement of profit or loss and other comprehensive income:

<u>Category</u>	<u>Useful life-years</u>
Manufacturing plants	10 - 50
Building and leasehold improvements	20 - 30
Furniture and fixtures	4 - 10
Other machinery and equipment	2 - 15
Motor vehicles	4

The Company has a policy to depreciate refinery turnaround costs up to five years.

De-recognition

An item of property, plant and equipment is derecognised when it has been disposed, or no future economic benefits are expected to arise from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income at the time the item is derecognised.

Capital work-in-progress (CWIP)

Assets in the course of construction or development are capitalised in the CWIP within property, plant and equipment. The asset under construction or development is transferred to the appropriate category in property, plant and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of CWIP comprises its purchase price, construction / development cost and any other cost directly attributable to the construction or acquisition of an item intended by management.

CWIP is measured at cost less any recognised impairment. CWIP is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. **MATERIAL ACCOUNTING POLICIES (continued)**

4.3 **Property, plant and equipment (continued)**

Borrowing costs

Borrowing costs directly attributable to the acquisition and or construction of property, plant and equipment that necessarily take a substantial period of time to prepare for their intended use and a proportionate share of general borrowings are capitalised to the cost of those property, plant and equipment. All other borrowing costs are expensed as incurred and recognised in finance costs.

4.4 **Leases**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured at their present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs; and restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Depreciation of right-of-use assets

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.4 Leases (continued)

Subsequent measurement

Right-of-use assets

The Company adopts the cost model to measure right of use assets. After recognition as an asset, right-of-use assets are carried at the initial recognition amounts less any accumulated depreciation and impairment losses, if any.

Lease liabilities

The lease liability is measured as follows:

- (a) Increasing the carrying amount to reflect interest on the lease liability.
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Where the Company is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

4.5 Intangible assets

Intangible assets, consisting of computer software and licenses, are recorded at cost, net of accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over 3 to 15 years.

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation / amortisation and are instead tested annually for impairment. Assets subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating unit).

Non-financial assets that have been fully or partially impaired are reviewed for possible reversal of all or part of the impairment loss at the end of each reporting period. The amount of any reversal is restricted to the carrying value of the relevant assets if the original impairment had not occurred (i.e., after taking into normal depreciation had no impairment occurred).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.6 Impairment of non-financial assets (continued)

The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit (group of units) in pro rata on the basis of the carrying amount of each asset in the unit (group of units). These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised.

4.7 Trade receivables

Trade receivables are amounts due from customers for goods sold and services rendered in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless arrangements contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Refer Note 32.2 for a description of the Company's impairment policies.

4.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the number of inventories recognised as an expense in the period in which the reversal occurs.

4.9 Financial instruments

Classification of financial assets

The Company classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL); and
- Amortised cost.

These classifications are on the basis of business model of the Company for managing the financial assets, and contractual cash flow characteristics.

The Company measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

Classification of financial assets (continued)

For assets measured at fair value, gains and losses will be recorded in statement of profit or loss and other comprehensive income.

Initial measurement

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

Classification of financial liabilities

The Company designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

All other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset so that the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Reclassifications

Financial assets are reclassified when the Company changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short-term or long-term. Financial liabilities are not reclassified.

Subsequent measurement

Subsequent measurement of financial assets is as follows:

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and other comprehensive income and presented in other income / (expenses). Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

Debt instruments (continued)

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and other comprehensive income and presented as fair value gain / (loss) on financial instruments measured at fair value through profit or loss in the statement of profit or loss and other comprehensive income in the period in which it arises.

De-recognition

The Company derecognises a financial asset when, and only when the contractual rights to the cash flows from financial asset expire, or it transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled or expires. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

The Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other income and expenses.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

Impairment of financial assets

The Company assesses the expected credit losses associated with its financial assets carried at amortised cost using expected credit losses model. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 32.2 for further details.

Derivative financial instruments

Derivative financial instruments, including interest rate swaps are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Company does not apply hedge accounting.

4.10 Short-term deposits

Short-term deposits include placements with banks and other short-term highly liquid Islamic investments with original maturities of more than three-month but not more than twelve months from the purchase date.

4.11 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand, bank balances and Murabaha deposits as Islamic / shariah compliant instrument with original maturities of three months or less, if any.

4.12 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Treasury shares are recognised as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

4.13 Dividends distribution

Dividend distribution to Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by Company's shareholders.

4.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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4. MATERIAL ACCOUNTING POLICIES (continued)

4.14 Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in statement of profit or loss and other comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has a right to defer settlement of the liability for at least 12 months after the reporting period.

4.15 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Employees' thrift plan

The Company operates a thrift plan to encourage its employees to make savings in a manner that will warrant an increase in their income and contribute to securing their future according to the established plan. The saving contributions from the participants are deposited in a separate bank account other than the Company's normal operating bank accounts, which is not restricted and the Company management can access those without any conditions.

Post-employment obligation

The Company operates post-employment benefit scheme of defined benefit plan driven by the Labor Law of the Kingdom of Saudi Arabia after the retirement of employee. End of service payments are based on employees' final salaries and allowances and their cumulative years of service. The Company also provides full medical coverage to Saudi employees and their spouses provided they have completed minimum 25 years of service with the Company and their age is minimum 55 years or the employee reaches the age of 60 years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the statement of the profit or loss and other comprehensive income while unwinding of the liability at discount rates used are recorded as interest cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.15 Employee benefits (continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and transferred to retained earnings in the period in which they occur.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are also recognised immediately in the statement of profit or loss and other comprehensive income as past service costs.

4.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat and tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income, net of reimbursements.

Decommissioning cost

Provision for decommissioning obligation is recognised when the Company has a liability for restoration work or land rehabilitation. The extent of decommissioning required, and the associated costs are dependent on the requirements of current laws and regulations.

Costs included in the provision include all decommissioning obligations expected to occur over the life of the asset. The provision for decommissioning is discounted to its present value and capitalized as part of the asset under property, plant and equipment and then depreciated as an expense over the expected life of that asset.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the related asset. Factors influencing those adjustments include:

- developments in technology.
- regulatory requirements and environmental management strategies.
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation; and
- changes in economic sustainability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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4. MATERIAL ACCOUNTING POLICIES (continued)

4.17 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate.

4.18 Zakat and income tax

The Company is subject to Zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority (the “ZATCA”) however subsequent to the listing on Tadawul, the Company is subject to zakat only. Provision for zakat is accrued and charged to the statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalisation of final assessments are accounted for when such amounts are determined.

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

4.19 Revenue recognition

Sales of goods

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control transfers to the customer under contracts for sale of goods. Control of the products is determined to be transferred to the customer when the title of base oil and / or by-products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism. The Company recognises revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

Freight services

Revenue from freight is recognized over a period of time, when the services are rendered.

The Company reviews the principal vs agent assessment for different performance obligations agreed as part of contracts with customers.

The transaction price is the amount of consideration to which the Company expects to be entitled after deducting value added taxes, excise duties and similar levies. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

4.20 Expenses

Cost of revenue

Production costs and direct manufacturing expenses are classified as cost of revenue. This includes raw material, direct labor and other attributable overhead costs and freight costs incurred for freight services.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.20 Expenses (continued)

Selling and distribution expenses

Selling and marketing expenses are those arising from the Company's efforts underlying the marketing, selling and distribution functions.

General and administrative expenses

General and administrative expenses pertain to operation expenses which are not directly related to the production of any goods. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses.

Allocation of overheads among cost of revenue, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis.

4.21 Finance income

Finance income is measured using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset.

4.22 Finance cost

Finance cost is recognised for the interest due to the lender of all financial liabilities measured at amortised cost, using the effective interest rate. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability. Additionally, the finance cost also includes time value of money for all the lease liabilities recognised. Finance cost is also recognised due to passage of time whenever a provision or liability has been discounted to its present value.

4.23 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholder of the Company; and
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for element of bonus ordinary shares issued during the period and excluding treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.23 Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4.24 Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognised as an employee benefit expense in the statement of profit or loss and other comprehensive income with a corresponding increase in equity. The cost of the equity-settled award is recognised over the vesting period, which is the period over which the employees render the required service for the award.

In determining the fair value of an equity-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

4.25 Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Board of Directors and the President & Chief Executive Officer ("CEO") who make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis and are reported to the Company's Board of Directors and the President & CEO, being the Chief Operating Decision Maker ("CODM") of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

5. PROPERTY, PLANT AND EQUIPMENT

(a) 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:							
At January 1, 2025	7,942,022	333,386	27,367	247,504	3,087	435,891	8,989,257
Reclassification*	(73,087)	--	--	--	--	73,087	--
Additions	--	--	--	--	--	429,287	429,287
Disposals	--	--	--	--	(424)	--	(424)
Transfers	22,777	635	--	292	--	(23,704)	--
At December 31, 2025	<u>7,891,712</u>	<u>334,021</u>	<u>27,367</u>	<u>247,796</u>	<u>2,663</u>	<u>914,561</u>	<u>9,418,120</u>
Accumulated depreciation:							
At January 1, 2025	3,733,745	291,736	27,148	216,280	2,680	--	4,271,589
Charge for the year	219,004	5,587	70	4,094	183	--	228,938
Disposals	--	--	--	--	(230)	--	(230)
At December 31, 2025	<u>3,952,749</u>	<u>297,323</u>	<u>27,218</u>	<u>220,374</u>	<u>2,633</u>	<u>--</u>	<u>4,500,297</u>
Net book value:							
December 31, 2025	<u><u>3,938,963</u></u>	<u><u>36,698</u></u>	<u><u>149</u></u>	<u><u>27,422</u></u>	<u><u>30</u></u>	<u><u>914,561</u></u>	<u><u>4,917,823</u></u>

* During the year, the Company has reassessed the presentation of certain plant and equipment pertaining to capital work-in-progress. These items were previously being presented within manufacturing plants and have now been presented under capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	<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:							
At January 1, 2024	7,827,245	330,983	27,367	244,584	3,087	359,508	8,792,774
Additions	--	--	--	--	--	196,595	196,595
Disposals	(112)	--	--	--	--	--	(112)
Transfers	114,889	2,403	--	2,920	--	(120,212)	--
At December 31, 2024	<u>7,942,022</u>	<u>333,386</u>	<u>27,367</u>	<u>247,504</u>	<u>3,087</u>	<u>435,891</u>	<u>8,989,257</u>
Accumulated depreciation:							
At January 1, 2024	3,495,216	286,126	27,043	211,307	2,451	--	4,022,143
Charge for the year	238,529	5,610	105	4,973	229	--	249,446
At December 31, 2024	<u>3,733,745</u>	<u>291,736</u>	<u>27,148</u>	<u>216,280</u>	<u>2,680</u>	<u>--</u>	<u>4,271,589</u>
Net book value:							
December 31, 2024	<u>4,208,277</u>	<u>41,650</u>	<u>219</u>	<u>31,224</u>	<u>407</u>	<u>435,891</u>	<u>4,717,668</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Manufacturing plants include refinery turnaround costs. The movement in refinery turnaround costs is as follows:

	<u>2025</u>	<u>2024</u>
Cost:		
Opening and closing balance	<u>186,142</u>	<u>186,142</u>
Accumulated depreciation:		
Opening balance	135,414	110,122
Charge for the year	<u>14,494</u>	<u>25,292</u>
Closing balance	<u>149,908</u>	<u>135,414</u>
Net book value	<u><u>36,234</u></u>	<u><u>50,728</u></u>

(c) Additions during the year in capital work-in-progress principally relates to the additions to refineries. Capital work-in-progress as at December 31, 2025, relates to the development and enhancement work for the refineries.

(d) Depreciation charge for the year has been allocated as follows:

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cost of revenue	26	228,558	248,971
General and administrative expenses	28	<u>380</u>	<u>475</u>
		<u>228,938</u>	<u>249,446</u>

6. LEASES

The Company leases various land, generators, buildings and other assets including motor vehicles and pipelines. Lease contracts are typically made for fixed periods of 1 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease contracts do not impose any covenants, and leased assets shall not be used as security for borrowing purposes.

At December 31, 2025, the Company did not have any lease contracts classified as right-of-use asset that are variable in nature. Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The Company assesses at lease commencement whether it is reasonably certain to exercise the option. The Company does not provide residual value guarantees in relation to any of its leases.

(a) Right-of-use assets

	<u>Land</u>	<u>Generators</u>	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
At January 1, 2024	128,300	23,883	11,539	3,376	167,098
Depreciation	(4,326)	(7,542)	(2,769)	(2,912)	(17,549)
At December 31, 2024	123,974	16,341	8,770	464	149,549
Modification*	(8,362)	25,254	--	--	16,892
Depreciation	(1,846)	(17,827)	(2,769)	(464)	(22,906)
At December 31, 2025	<u>113,766</u>	<u>23,768</u>	<u>6,001</u>	--	<u>143,535</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

6. **LEASES (continued)**

Depreciation on right-of-use assets is charged to the statement of profit or loss and other comprehensive income using the straight-line method to allocate their costs over their lease term which are as follows:

<u>Category</u>	<u>Useful life - years</u>
Land	30 – 99
Generator	4
Buildings	5
Others	5 – 27

(b) **Lease liabilities**

	2025	2024
Opening balance	169,316	186,270
Modification*	16,892	--
Lease payments **	(31,379)	(24,109)
Interest on lease liabilities	9,063	7,155
Closing balance	163,892	169,316
	2025	2024
Lease liabilities		
Current	30,061	19,448
Non-current	133,831	149,868
	163,892	169,316

* The Company has reassessed certain lease contracts based on the recent developments and recognised the modification with the corresponding impact in the right-of-use assets and lease liabilities.

** Lease payments include a payment made to Royal Commission for Jubail and Yanbu (“RCJY”), a related party, for Yanbu land lease contract amounting to Saudi Riyals 5.8 million during the year ended December 31, 2025 (December 31, 2024 Saudi Riyals 5.8 million).

As at December 31, 2025 potential future cash outflows of Saudi Riyals 452.87 million (undiscounted) have been included in the lease liability because management considers that it is reasonably certain that the lease will continue to be extended (December 31, 2024: Saudi Riyals 591.34 million) given the nature of the Company’s operations.

During the current year, the Company signed an extension to the Yanbu refinery’s land lease agreement with RCJY for 20 years. For the computation of the right-of-use assets and lease liabilities, the lease term applied has been extended to reflect the Company’s reasonable expectations of the period during which the underlying asset will be used. Considering the broader economics of the contract and recent developments, the Company is reasonably certain that parties to the contract will continue to exercise extension options given in the land lease agreements. As a consequence of this change in assessment, the lease term for the Yanbu land lease contract has been extended to 99 years. The Company also had a land lease agreement with Saudi Aramco for Jeddah refinery, effective from July 1, 1996 for a term of 25 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

6. LEASES (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there were no revisions of lease terms due to exercising extension and termination options.

Amounts recognised in the statement of profit or loss and other comprehensive income:

	<u>2025</u>	<u>2024</u>
Depreciation of right-of-use assets (Note 26 and 28)	22,906	17,549
Interest expense (Note 30)	9,063	7,155
Tank rents (short-term leases) (Note 27)	20,429	21,405

Depreciation of right-of-use assets has been allocated as follows:

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cost of revenue	26	20,137	14,780
General and administrative expenses	28	2,769	2,769
		<u>22,906</u>	<u>17,549</u>

7. INTANGIBLE ASSETS

	<u>2025</u>	<u>2024</u>
Cost:		
Opening balance	42,564	36,343
Additions	15,141	6,221
Closing balance	<u>57,705</u>	<u>42,564</u>
Accumulated amortisation:		
Opening balance	25,352	21,024
Charge for the year	5,786	4,328
Closing balance	<u>31,138</u>	<u>25,352</u>
Closing carrying amount	<u>26,567</u>	<u>17,212</u>

Intangible assets comprise software and its development cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

8. EMPLOYEES' HOME OWNERSHIP RECEIVABLE

In the prior years, the Company had a Home Ownership Program that offered eligible Saudi employees' home ownership opportunities. During 2010, the Company constructed and sold 133 residential houses for outright sale to the employees. Houses were sold to eligible employees, and a receivable was recorded against such sale, which does not bear any finance charges and is expected to be collected over a period of 15 years. Deductions are made monthly from the employees' salaries up to 25% of their basic salaries. The Company has the legal documents of the property as collateral having fair value higher than the receivable balance to be collected from the employee and shall transfer the legal title of those residential houses to the concerned employees at the time of final settlement of the loan.

(a) The movement in employees' home ownership is as follows:

	<u>2025</u>	<u>2024</u>
Opening balance	711	1,950
Deductions from employees' salary during the year	(657)	(1,311)
Finance income due to unwinding	44	72
Closing balance	<u>98</u>	<u>711</u>

9. LOANS TO EMPLOYEES

Loans to employees comprise the following:

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Home loans to employees	9(a)	19,590	21,334
Other loans to employees	9(b)	935	2,138
Less: current portion	12	(5,656)	(4,764)
		<u>14,869</u>	<u>18,708</u>

(a) Home loans to employees

The movement in home loans to employees' balance is as follows:

	<u>2025</u>	<u>2024</u>
Opening balance	21,334	19,618
Disbursed during the year	--	2,400
Finance income for the year	662	855
Discounting effect on loan disbursed	--	(355)
Deductions during the year	(2,406)	(1,184)
Closing balance	<u>19,590</u>	<u>21,334</u>

Home loans are given to eligible Saudi employees of the Company under a scheme approved by the Board of Directors. Under this scheme, loans are provided to eligible employees for the purpose of purchasing or constructing their residential houses. Such loans, which do not bear any finance charges, are re-payable by the employee as per the agreement with the employee and the Company have the title of the property until the employee has settled all dues. The fair value of the related collateral property is higher than the carrying value of the home loan to employees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

9. LOANS TO EMPLOYEES (continued)

(b) Other loans to employees

Such loans are given to eligible Saudi employees of the Company under a scheme approved by the Board of Directors. Under this scheme, the employees are eligible for loans up to 80% of their end-of-service benefits accrued. Such loans, which do not bear any finance charges, are re-payable by the employees over 36 months and are secured against the related employees' end of service benefits.

The movements in other loans to employees are as follows:

	<u>2025</u>	<u>2024</u>
Opening balance	2,138	1,544
Loans disbursed during the year	685	2,057
Finance income for the year	317	468
Discounting effect on new loan	(365)	(590)
Deductions during the year	<u>(1,840)</u>	<u>(1,341)</u>
Closing balance	<u>935</u>	<u>2,138</u>

Other loans to employees are recognised as a non-current financial asset at fair value and measured at amortised cost using the EIR method. The difference between the fair value and the actual amount of cash given to the employee is recognised as an expense. The carrying amount of employees' loans on each reporting date approximates the fair value of this balance.

10. INVENTORIES

	<u>2025</u>	<u>2024</u>
Finished goods	198,317	232,398
Production in progress	247,835	260,169
Raw material - feedstock	97,918	85,770
Spare parts and consumables materials	<u>119,141</u>	<u>111,378</u>
	663,211	689,715
Less: Allowance for obsolescence spare parts	<u>(19,454)</u>	<u>(18,821)</u>
	<u>643,757</u>	<u>670,894</u>

Movement in provision for obsolescence spare parts is as follows:

	<u>2025</u>	<u>2024</u>
Opening balance	18,821	21,761
Additions for the year	633	573
Reversal for the year*	--	(3,513)
Closing balance	<u>19,454</u>	<u>18,821</u>

* In 2022, inventory and other assets were damaged due to heavy rain in Jeddah. During the year ended December 31, 2024, the Company successfully secured insurance claims of Saudi Riyals 10.13 million and recognised this within "other income".

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

11. TRADE RECEIVABLES

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Trade receivables		240,823	398,638
Related parties	24	187,126	576,270
		427,949	974,908
Allowance for expected credit losses		(12,386)	(13,795)
		415,563	961,113

Related party balances amounting to Saudi Riyals 335.31 million (December 31, 2024: Saudi Riyals 446.73 million) have been offset against the related party trade payables in the statement of financial position. For details, refer to Note 22.

Due to the short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair value and are generally settled within 12 months from the reporting date.

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

	<u>2025</u>	<u>2024</u>
Opening balance	13,795	12,295
(Reversal) / loss for the year	(1,409)	1,500
Closing balance	12,386	13,795

Information about the impairment of trade receivables and the Company's exposure to credit risk, market risk and liquidity risk is disclosed in Note 32.2.

12. PREPAYMENT AND OTHER ASSETS

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Net value added tax (VAT) receivables		55,019	--
Advances to suppliers		6,237	5,319
Loans to employees, current portion	9	5,656	4,764
Prepaid insurance		1,310	3,754
Employees' home ownership receivables, current portion	8	98	711
Others		2,819	2,080
		71,139	16,628

Loans to employees, employees' home ownership receivables and other receivables are generally settled within 12 months from the reporting date. Hence, their carrying amount is considered to be the same as fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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13. SHORT-TERM DEPOSITS

The Company deposited Saudi Riyals 383.08 million (December 31, 2024: Saudi Riyals 450.14 million) in Murabaha deposits. The accrued profit from Murabaha deposits amounted to Saudi Riyals 2.68 million (December 31, 2024: Saudi Riyals 2.16 million). These short-term deposits, with maturity periods ranging from 112 days to 170 days, were held with commercial banks and are due to mature by April 7, 2026. The Company placed short-term Murabaha deposits on a recurring basis during the year ended December 31, 2025.

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.

14. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Cash at banks	420,392	716,344
Murabaha deposits	566,991	18,827
	<u>987,383</u>	<u>735,171</u>

Cash at banks and Murabaha deposits are placed with banks having sound credit ratings (refer to Note 32.2). The carrying value at each reporting date is considered to be the same as fair value. Murabaha term deposits are placed with local commercial banks and yield shariah compliant financial income at prevailing market rates with original maturities of three months or less.

15. SHARE CAPITAL

15.1 Issued and paid-up capital

	<u>2025</u>	<u>2024</u>
Ordinary shares of Saudi Riyals 10 each (December 31, 2024: Saudi Riyals 10 each)	<u>1,687,500</u>	<u>1,687,500</u>
Issued and paid-up capital		
Number of shares	<u>168,750</u>	<u>168,750</u>

15.2 Dividend

On February 16, 2025 (corresponding to Shaban 17, 1446H), the Board of Directors of the Company resolved to recommend the General Assembly for distribution of annual dividends for the year ended December 31, 2024 of Saudi Riyals 3.08 per share amounting to Saudi Riyals 518.23 million which were approved by the General Assembly on April 16, 2025 (corresponding to Shawwal 18, 1446H). The payments were made on April 30, 2025. Further, on July 31, 2025 (corresponding to Safar 6, 1447H), the Board of Directors of the Company approved an interim dividend for the six-month period ended June 30, 2025 of Saudi Riyals 1 per share amounting to Saudi Riyals 168.26 million. The payments were made on October 15, 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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15. SHARE CAPITAL (continued)

15.3 Treasury shares

On December 28, 2022, the Company acquired 580,000 ordinary shares from Jadwa Industrial Investment Company for cash consideration of Saudi Riyals 57.42 million. In 2023 and 2025, certain treasury shares were awarded to employees as share-based compensation. As at December 31, 2025, the outstanding treasury shares with the Company is 489,335 ordinary shares (December 31, 2024: 494,950 ordinary shares) amounting to Saudi Riyals 48.68 million (December 31, 2024: Saudi Riyals 49.24 million).

16. STATUTORY RESERVE

During the year ended December 31, 2025, the Company transferred statutory reserve amounting to Saudi Riyals 506.25 million to retained earnings. This transfer was recommended by the Board of Directors of the Company on February 16, 2025 (corresponding to Shaban 17, 1446H) to the General Assembly which were approved by the General Assembly on April 16, 2025 (corresponding to Shawwal 18, 1446H).

17. EARNINGS PER SHARE

	<u>2025</u>	<u>2024</u>
Net profit attributable to owners of the Company	855,315	972,028
Weighted average number of shares *	168,261	168,255
Basic / diluted earnings per share (Saudi Riyals per share)	5.08	5.78

* As at December 31, 2025 and 2024 the Company does not have any potential ordinary shares.

18. BORROWINGS

Long-term borrowings comprise of the following:

	<u>2025</u>	<u>2024</u>
Islamic banking facilities (Murabaha)	785,171	901,509
Less: current portion of long-term borrowings	(133,867)	(116,455)
	651,304	785,054

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

	<u>2025</u>	<u>2024</u>
Saudi Riyals	405,431	465,504
United States Dollars (“USD”)	379,740	436,005
	785,171	901,509

NOTES TO THE FINANCIAL STATEMENTS

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

18. BORROWINGS (continued)

On August 19, 2021, the Company entered into an Islamic loan agreement under Murabaha arrangement. The agreement involved a loan syndication of Saudi Riyals 1,687.5 million from five local banks. In addition, USD 150 million (equivalent of Saudi Riyals 562.5 million) from a commercial bank. The principal repayments began from June 30, 2022 and will continue on an agreed semi-annual installment basis till June 30, 2029. These facilities bear finance costs at market rates, which are generally based on Saudi Inter Bank Offered Rate (“SIBOR”) for Saudi Riyals denominated borrowings and on Term Secured Overnight Financing Rate (“Term SOFR”) for USD denominated borrowings. The spread during the year ended December 31, 2025, on these facilities varied between 0.9% and 1.25% (December 31, 2024: 0.75% and 1.25% per annum). Moreover, there is no collateral on the Company’s assets due to these long-term borrowing agreements.

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

As at December 31, 2025, the Company has two Islamic credit facilities from local commercial banks for managing its working capital amounting to Saudi Riyals 345 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 December 31, 2025 is Saudi Riyals 345 million (December 31, 2024: Saudi Riyals 415 million).

Fair value of long-term borrowings is approximately equal to their carrying amounts as they are subject to variable interest at market rates. Finance costs recognised as expense on the above borrowings have been disclosed in Note 30.

The Company’s main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended December 31, 2025 and 2024, the Company’s borrowings at variable Murabaha profit rates were mainly denominated in Saudi Riyals and USD.

The breakdown of the aggregate maturities of borrowings is as follows:

	<u>2025</u>	<u>2024</u>
2025	--	116,455
2026	133,867	133,750
2027	139,565	139,565
2028	162,826	162,826
2029	348,913	348,913
	<u>785,171</u>	<u>901,509</u>

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For the year ended December 31, 2025

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19. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations comprise the following:

	Notes	2025	2024
Employees' end of service benefits	19 (a)	145,368	138,550
Employees' post-retirement health care benefit	19 (b)	204,231	206,716
		349,599	345,266

Net benefit expense recognised in profit or loss for the year in the statement of profit or loss and other comprehensive income:

	2025	2024
Current service cost	16,704	15,974
Interest cost	20,797	17,771
	37,501	33,745

Net benefit gain recognised in other comprehensive income in the statement of profit or loss and other comprehensive income:

	2025	2024
Actuarial (gain) / loss arising from experience	(14,053)	34,010
Actuarial gain arising from changes in financial assumptions	(1,549)	(37,641)
	(15,602)	(3,631)

(a) Employees' end of service benefits

The Company has an employee defined benefit plan. The benefits are required by Saudi Labor Law. The benefit is based on the employees' final salaries and allowances and their cumulative years of service, as stated in the labor laws of Saudi Arabia.

The following table summarizes the components of the net benefit expense recognised in the statement of profit or loss and other comprehensive income and amounts recognised in the statement of financial position.

Movement in the present value of employees' end of service benefits:

	2025	2024
Opening balance	138,550	136,610
<i>Included in profit or loss:</i>		
Current service cost	10,746	10,495
Interest cost	7,771	6,682
	18,517	17,177
<i>Included in other comprehensive income:</i>		
Actuarial loss / (gain) on obligations	3,011	(3,994)
Benefits paid during the year	(14,710)	(11,243)
Closing balance	145,368	138,550

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For the year ended December 31, 2025

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19. EMPLOYEE BENEFIT OBLIGATIONS (continued)

(a) Employees' end of service benefits (continued)

Significant assumptions used in determining the employee defined benefit obligation include the following:

	<u>2025</u>	<u>2024</u>
Discount rate	5.55%	5.80%
Future salary increase rate	5%	4.80% - 5%

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is shown below:

Discount rate:

	<u>2025</u>	<u>2024</u>
0.5% increase in discount rate	(5,977)	(5,347)
0.5% decrease in discount rate	6,454	5,806

Future salary growth rate:

	<u>2025</u>	<u>2024</u>
0.5% increase in future salary growth rate	6,457	5,832
0.5% decrease in future salary growth rate	(6,035)	(5,420)

The sensitivity analysis is based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

The weighted average duration of the defined benefit obligation as at December 31, 2025 is 8.6 years (December 31, 2024: 8.1 years).

The expected maturity analysis of undiscounted employee benefit obligations as at December 31, is as follows:

	<u>2025</u>	<u>2024</u>
Less than a year	13,774	9,161
Between 1 – 4 years	41,839	47,765
Between 5 – 10 years	93,531	95,760

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For the year ended December 31, 2025

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

19. **EMPLOYEE BENEFIT OBLIGATIONS (continued)**

(b) Employees' post-retirement health care benefit

The Company provides full medical coverage to Saudi employees and their spouses provided they have completed a minimum 25 years of service with the Company, and their age is minimum 55 years, or the employee reaches the age of 60. The employees who joined the Company after February 28, 2021, will not be eligible for this benefit.

The following table summarizes the components of the net benefit expense recognised in the statement of profit or loss and other comprehensive income and the amounts recognised in the statement of financial position:

Movement in the present value of employees' post-retirement health care benefit:

	<u>2025</u>	<u>2024</u>
Opening balance	206,716	192,569
<i>Included in profit or loss:</i>		
Current service cost	5,958	5,479
Interest cost	13,026	11,089
	18,984	16,568
<i>Included in other comprehensive income:</i>		
Actuarial (gain) / loss on obligations	(18,613)	363
Benefits paid during the year	(2,856)	(2,784)
Closing balance	<u>204,231</u>	<u>206,716</u>

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

	<u>2025</u>	<u>2024</u>
Discount rate	6.20%	6.35%
Medical rate (pre-retirement)	9%	10%
Medical rate (post-retirement)	10%	10%

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is shown below:

<i>Discount rate:</i>	<u>2025</u>	<u>2024</u>
0.5% increase in discount rate	(21,244)	(21,988)
0.5% decrease in discount rate	24,901	25,843
<i>Medical rate (Pre-Retirement):</i>	<u>2025</u>	<u>2024</u>
0.5% increase in medical rate (Pre-retirement)	6,716	926
0.5% decrease in medical rate (Pre-retirement)	(6,184)	(925)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

19. EMPLOYEE BENEFIT OBLIGATIONS (continued)

(b) Employees' post-retirement health care benefit (continued)

<i>Medical rate (Post Retirement):</i>	<u>2025</u>	<u>2024</u>
0.5% increase in medical rate (post-retirement)	16,676	23,760
0.5% decrease in medical rate (post-retirement)	(14,957)	(20,571)

The sensitivity analysis is based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of defined benefit obligations calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

The weighted average duration of the defined benefit obligation as at December 31, 2025 is 22.9 years (December 31, 2024: 23.8 years).

The expected maturity analysis of undiscounted Employees' post-retirement health care benefit as at December 31, is as follows:

	<u>2025</u>	<u>2024</u>
Less than a year	3,305	3,167
Between 1 – 4 years	11,955	11,723
Between 5 – 10 years	36,676	35,887

20. OTHER NON-CURRENT LIABILITIES

	<u>2025</u>	<u>2024</u>
Employees' thrift plan	--	4,120
Chronic Medical Circumstance	505	651
	505	4,771

21. PROVISION FOR DECOMMISSIONING OBLIGATION

Decommissioning provision is made for the refinery closure, reclamation and dismantling obligation of the refineries. These obligations are expected to be incurred in the year in which the respective refinery is expected to be closed. Management estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the lease agreements as disclosed in note 6, engineering estimates and discount rates ranging from 2.4% to 6.01%.

The provision for decommissioning obligation represents the present value of full amount of the estimated future closure and reclamation costs, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognised when determined.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

21. PROVISION FOR DECOMMISSIONING OBLIGATION (continued)

Considering the broader economics of the Yanbu lease agreement, the Company is reasonably certain that the Company will exercise extension options given in the land lease agreement. As a consequence of this change in assessment, the decommissioning on the Yanbu land has been recognised at the expected end of the lease term. The Company is also maintaining a provision for decommissioning of the Jeddah facility closure.

Movement in provision for decommissioning is as follows:

	<u>2025</u>	<u>2024</u>
Opening balance	46,078	45,179
Unwinding of discount (Note 30)	981	899
Closing balance	<u>47,059</u>	<u>46,078</u>

22. TRADE AND OTHER PAYABLES

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Related parties	24	1,340,248	1,447,259
Third parties		24,758	72,788
Employees' thrift plan	22(a)	33,542	30,115
Contract liabilities		15,721	18,381
		<u>1,414,269</u>	<u>1,568,543</u>

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

Contract liabilities represent advances from customers. Revenue recognised that was included in the contract liability balance at the beginning of the year is Saudi Riyals 18.38 million (2024: Saudi Riyals 10.95 million).

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company has an agreement with Saudi Aramco to purchase feedstock and sell by-product in Jeddah refinery. The settlement of these transactions takes place after 90 days and net payment is made to or received from Saudi Aramco.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

22. TRADE AND OTHER PAYABLES (continued)

	Effects of offsetting on the statement of financial position		
	Gross amounts	Amounts set off	Net amounts presented
December 31, 2025			
Related party receivables (Note 11)	522,432	(335,306)	187,126
Related party payables	1,675,554	(335,306)	1,340,248
December 31, 2024			
Related party receivables (Note 11)	1,022,999	(446,729)	576,270
Related party payables	1,893,988	(446,729)	1,447,259

(a) Employees' thrift plan

The movement in employees' thrift plan is as follows:

	<u>2025</u>	<u>2024</u>
Opening balance	34,235	34,704
Contribution during the year	19,345	18,772
Withdrawals during the year	(20,038)	(19,241)
Closing balance	<u>33,542</u>	<u>34,235</u>
	<u>2025</u>	<u>2024</u>
Non-current (Note 20)	--	4,120
Current	<u>33,542</u>	<u>30,115</u>
	<u>33,542</u>	<u>34,235</u>

Subsequent to the year end, the Company has transferred the plan to a commercial bank for managing on behalf of the Company.

23. ACCRUED EXPENSES AND OTHER LIABILITIES

	<u>2025</u>	<u>2024</u>
Accrued expenses	142,637	142,111
Accrual for rebates and discounts	78,515	78,750
Accrued bonus	10,850	17,000
VAT payable	--	36,624
Others	6,804	--
	<u>238,806</u>	<u>274,485</u>

NOTES TO THE FINANCIAL STATEMENTS

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24. 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. Related parties also include business entities in which certain directors or senior management have an interest (other related parties). Moreover, the Company is ultimately controlled by the government of the Kingdom of Saudi Arabia. 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 Aramco

Entities under common control

Saudi Aramco Mobil Refinery Company Ltd. (“SAMREF”)

S-Oil Singapore Pte. Ltd

S-Oil Corporation

Motiva Trading LLC

Aramco Lubricants and Retail Company

Saudi Aramco Technologies Company

S-Oil Europe B.V.

Rabigh Refining & Petrochemical Company

Agreements with Saudi Aramco

1. Purchase and sale contracts at Jeddah and Yanbu refinery

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

2. Technical management, support services and leases

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

Agreement with SAMREF

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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24. **RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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 year is shown below:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	46,788	38,470
Provision for employee benefit obligations	4,506	3,416

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

During the year ended December 31, 2025, the Company has remunerated Saudi Riyals 4.19 million to Board members for attending the Board of Directors' meetings (2024: Saudi Riyals 5.30 million).

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Related party	Nature of transaction	Amount of transactions for the year ended December 31,		Balance as at December 31,	
		2025	2024	2025	2024
Due from related parties					
Saudi Aramco	Sales of by-products	2,915,606	3,686,564	74,838	330,200
SAMREF	Sales of by-products	630,998	773,420	58,372	128,058
S-Oil Singapore Pte. Ltd.	Sales of base oil	739,600	1,109,711	1,562	77,584
S-Oil Corporation	Sales of base oil	91,560	105,191	270	13,018
Motiva Trading LLC	Sales of base oil	53,226	66,894	10,876	23,664
S-Oil Europe B.V.	Sales of base oil	61,955	--	23,735	--
Aramco Lubricants and Retail Company	Sales of base oil	64,230	47,648	16,846	3,746
Rabigh Refining & Petrochemical Company	Technical and management support services	545	--	627	--
				187,126	576,270
Due to related parties					
Saudi Aramco	Purchase of feedstock, materials and utilities	5,472,229	7,127,840	1,264,281	1,429,693
	Technical and management support services	31,728	15,209	25,987	17,490
	Lease rental for Jeddah refinery land and Yanbu refinery pipeline	1,894	3,493	--	--
	Dividends	481,950	1,015,875	--	--
SAMREF	Technical and management support services	1,988	1,316	--	--
	Purchase of material	27,564	4,824	10,536	76
S-Oil Corporation	Purchase of base oil	267,159	431,979	17,551	--
S-Oil Singapore Pte. Ltd.	Rebate on sales of base oil	--	--	2,368	--
Motiva Trading LLC	Purchase of base oil	66,382	59,337	19,115	--
Saudi Aramco Technologies Company	Technical and management support services	356	1,251	410	--
				1,340,248	1,447,259

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24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The Company's revenues derived from sales to Saudi Aramco and entities under its common control accounted for approximately 36% and 20% (December 31, 2024: 37% and 21%), respectively, of the total revenue. Refer to Note 11 and 32.2 for the impairment loss charge for the year ended December 31, 2025 and 2024.

The Company has Saudi Riyals 10.45 million (December 31, 2024: Saudi Riyals 32.95 million) as cash with banks owned by Saudi government entities. The Company also has Saudi Riyals 240 million (December 31, 2024: Saudi Riyals 120 million) as short-term Murabaha deposits with banks owned by Saudi government entities.

25. REVENUE

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

	<u>2025</u>	<u>2024</u>
Revenue from base oil sales*	4,340,143	5,268,343
Revenue from by-products sales	3,763,212	4,767,511
	<u>8,103,355</u>	<u>10,035,854</u>

*During the year ended December 31, 2024, the Company has recognised revenue from freight services amounting to Saudi Riyals 137.60 million (December 31, 2024: Saudi Riyals 236.54 million).

By-product sales includes sales of Fuel Oil Blend, Marine Heavy Fuel Oil, Asphalt, Naphtha, Diesel, and other related products.

The management has categorized its geographical operations as follows:

Geographic information	<u>2025</u>	<u>2024</u>
Revenues from local sales		
Kingdom of Saudi Arabia	5,059,605	6,002,841
Revenues from export sales		
United Arab Emirates	1,629,588	2,270,605
India	534,111	803,358
South Africa	292,907	226,343
Singapore	128,954	78,631
Egypt	107,250	184,683
United States of America	93,027	69,405
South Korea	89,918	105,191
Cyprus	53,052	61,431
Others	114,943	233,366
Total	<u>8,103,355</u>	<u>10,035,854</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

26. COST OF REVENUE

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cost of materials		6,103,219	7,765,566
Employee related costs		229,159	217,867
Depreciation	5	228,558	248,971
Freight cost		188,597	317,461
Depreciation of right-of-use assets	6	20,137	14,780
Others		154,913	135,584
		<u>6,924,583</u>	<u>8,700,229</u>

27. SELLING AND DISTRIBUTION EXPENSES

	<u>2025</u>	<u>2024</u>
Tank rents	20,429	21,405
Demurrage charges	4,027	20,117
Export pipeline fee	3,873	2,536
Others	7,956	20,152
	<u>36,285</u>	<u>64,210</u>

28. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Employee related costs		160,268	167,090
Consultancy charges		46,154	58,571
Telephone and postage		5,928	6,561
Insurance		4,443	5,757
Board of Directors' fees		4,189	5,301
Amortisation of intangible assets		3,392	3,392
Depreciation of right-of-use assets	6	2,769	2,769
Depreciation of property, plant and equipment	5	380	475
Others		25,380	31,336
		<u>252,903</u>	<u>281,252</u>

29. FINANCE INCOME

	<u>2025</u>	<u>2024</u>
Profit on Murabaha deposits	45,626	78,547
Finance income on unwinding of loans	1,023	1,395
	<u>46,649</u>	<u>79,942</u>

NOTES TO THE FINANCIAL STATEMENTS

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30. FINANCE COST

	Notes	<u>2025</u>	<u>2024</u>
Borrowings		53,102	84,120
Interest on lease liabilities	6	9,063	7,155
Unwinding of decommissioning provision	21	981	899
		<u>63,146</u>	<u>92,174</u>

31. ZAKAT AND INCOME TAX

Significant components of Zakat base of the Company, which are subject to adjustment under Zakat and income tax regulations, are equity at the end of the year, the closing balance of the liabilities classified as non-current and the non-current deductible assets.

Furthermore, under the new Zakat regulations, the Company's Zakat base for each reporting period must be at least equal to its net income and cannot exceed its net equity and its equivalent.

31.1 Charge for the year:

The charge for the years ended December 31, consists of the following:

	Notes	<u>2025</u>	<u>2024</u>
Zakat charge	31.2	18,620	24,301
Reversal of income tax	31.4	--	(7,916)
		<u>18,620</u>	<u>16,385</u>

31.2 Components of Zakat base

The significant components of the approximate Zakat base for years ended December 31, comprised the following:

	<u>2025</u>	<u>2024</u>
Equity at the end of year	4,582,446	4,397,459
Provisions at the end of year	24,652	61,935
Non-current liabilities at the end of year	1,182,298	1,331,037
Additional current liabilities in relation to spare parts and consumables materials	86,467	76,533
Non-current deductible assets	(5,087,925)	(4,884,429)
Spare parts and consumables materials	(119,141)	(111,378)
Allowable deduction in relation to loan to employees	(3,308)	(4,887)
Approximate Zakat base	<u>665,489</u>	<u>866,270</u>
Net income (i.e. minimum limit)	<u>855,315</u>	<u>972,028</u>
Total equity and its equivalent (i.e. maximum limit)	<u>4,654,157</u>	<u>4,509,592</u>
Zakat base as per the Zakat regulations	<u>855,315</u>	<u>972,028</u>
Zakat provision for the year	<u>22,047</u>	<u>24,301</u>

NOTES TO THE FINANCIAL STATEMENTS

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31. ZAKAT AND INCOME TAX (continued)

31.3 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	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	--	31,820	31,820
Prior year reversal	--	(3,427)	(3,427)
Charge for the year	--	22,047	22,047
Payment	--	(25,788)	(25,788)
At December 31, 2025	--	24,652	24,652

31.4 Status of assessments

The Company has filed its Zakat and income tax returns up to the year ended December 31, 2024. Zakat assessments for years up to the year ended December 31, 2023, have been finalized with ZATCA. ZATCA is yet to issue its final assessments for the year ended December 31, 2024.

32. FINANCIAL INSTRUMENTS

32.1 Fair value measurement of financial instruments

a) Recognised fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included 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).

As at December 31, 2025 and 2024, all of the Company's financial assets and financial liabilities are currently classified and measured at amortised cost. Further, the carrying value of all the financial assets and liabilities classified as amortised cost approximates to the fair value on each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

32. FINANCIAL INSTRUMENTS (continued)

32.2 Risk management framework

The Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Board of Directors.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the management.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (currency risk, fair value and cash flow interest risk and price risk)

b) Credit risk

Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables.

Risk management

The stated rating is as per the global bank ratings by Moody's Investors Service.

The credit rating of banks in which the Company holds cash and cash equivalents are as follows:

Credit rating (Moody's)	2025	2024
Aa3	985,547	--
A1	1,836	704,227
A3	--	30,944
Total	<u>987,383</u>	<u>735,171</u>

The short-term Murabaha deposits are held with banks having Aa3 credit rating (2024: A1 credit rating) and yields financial income at prevailing market rates. The carrying value at each reporting date is estimated to be the same as their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

32. FINANCIAL INSTRUMENTS (continued)

32.2 Risk management framework (continued)

For trade receivables, management assesses the credit quality of the customers, considering their financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by the management.

For banks, only independently credit rated parties having sound ratings are accepted. For trade receivables, internal risk control department assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by line management.

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

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

Impairment of financial assets

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

	Note	2025	2024
Employees' home ownership receivables	8	98	711
Loans to employees	9	20,525	23,472
Trade receivables – third parties	11	240,823	398,638
Trade receivables – related parties	11	187,126	576,270
Other receivables (included within prepayments and other assets)	12	2,819	2,080
Short-term deposits	13	385,763	452,304
Cash at banks	14	420,392	716,344
Term deposits	14	566,991	18,827
		<u>1,824,537</u>	<u>2,188,646</u>

Other receivables are considered to have low credit risk; therefore, 12 months expected loss model was used for impairment assessment. Based on management's impairment assessment, there is no provision required in respect of these balances for all the periods presented.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

32. FINANCIAL INSTRUMENTS (continued)

32.2 Risk management framework (continued)

Impairment of financial assets (continued)

For trade receivables, the Company applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables based on a provision matrix. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The provision matrix was developed considering probability of default based on historical collection trends of the Company's customers and credit rating of the Company's related parties assigned by reputed credit rating agencies and loss given default. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified inflation rate, oil prices and GDP growth rate of the countries in which it sells its goods to be the most relevant macro-economic factors of forward-looking information that would impact the credit risk of the customers and accordingly adjusts the historical loss rates based on expected changes in these factors.

Impairment losses on financial assets recognised in the statement of profit or loss and other comprehensive income are as follows:

	<u>2025</u>	<u>2024</u>
Impairment (reversal) / loss on trade receivables (Note 11)	<u>(1,409)</u>	<u>1,500</u>

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

	<u>Gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance</u>
December 31, 2025			
Current (not past due)	374,011	0.42%	1,575
1–90 days past due	37,122	0.48%	179
91–180 days past due	31	6.45%	2
181–360 days past due	1,504	58.18%	875
More than 360 days past due	<u>15,281</u>	63.84%-100%	<u>9,755</u>
Total	<u><u>427,949</u></u>		<u><u>12,386</u></u>
December 31, 2024			
Current (not past due)	917,146	0.45%	3,990
1–90 days past due	25,214	0.51%	130
91–180 days past due	20,308	5.23%	1,061
181–360 days past due	8,325	51.91%	5,085
More than 360 days past due	<u>3,915</u>	90.17%- 100%	<u>3,529</u>
Total	<u><u>974,908</u></u>		<u><u>13,795</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

32. FINANCIAL INSTRUMENTS (continued)

32.2 Risk management framework (continued)

Impairment of financial assets (continued)

Trade receivables relate to sales made during the year to corporate customers. As at December 31, 2025, trade receivables balance from related parties' is Saudi Riyals 187.13 million (December 31, 2024: Saudi Riyals 576.3 million). Out of this amount Saudi Riyals 163.31 million was 'not due', Saudi Riyals 10.54 million was due '1 to 90 days' and Saudi Riyals 13.28 million was due 'more than 365 days' (December 31, 2024: Saudi Riyals 565.03 million was 'not due', Saudi Riyals 2.07 million was due '91 to 180 days', Saudi Riyals 8.12 million was due '181 to 365 days', and Saudi Riyals 1.06 million was due 'more than 365 days') having impairment loss of Saudi Riyals 5.33 million (December 31, 2024: Saudi Riyals 2.49 million). These pertain to corporate related parties that have no history of default and accordingly the probability of default is minimal. For related parties' balances, the Company applies the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected credit loss provision based on a provision matrix. Further, related parties' balances have low credit risk and majority balances were not yet due at each reporting date.

Trade receivables are non-derivatives financial assets carried at amortised cost and are generally on terms of 30 to 60 days. The carrying value may be affected by changes in the credit risk of the counterparties. It is not the practice of the Company to obtain collateral over third party trade receivables and these are, therefore, unsecured. The majority of the Company's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at December 31, 2025, the five largest customers accounted for 62% (December 31, 2024: 65%) of the outstanding trade receivables.

c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities or reliance on a particular market in which to realise liquid assets. Contractual undiscounted cashflows are:

	<u>1 year or less</u>	<u>1 to 5 years</u>	<u>Above 5 years</u>	<u>Total</u>
As at December 31, 2025				
Borrowings	174,949	725,338	--	900,287
Accrued expenses and other liabilities	238,806	--	--	238,806
Trade payables	1,414,269	--	--	1,414,269
Lease liabilities	30,061	36,668	556,964	623,693
	<u>1,858,085</u>	<u>762,006</u>	<u>556,964</u>	<u>3,177,055</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

32. FINANCIAL INSTRUMENTS (continued)

32.2 Risk management framework (continued)

	<u>1 year or less</u>	<u>1 to 5 years</u>	<u>Above 5 years</u>	<u>Total</u>
As at December 31, 2024				
Borrowings	166,645	896,368	--	1,063,013
Accrued expenses and other liability excluding VAT payable	237,861	--	--	237,861
Trade payables	1,568,543	--	--	1,568,543
Lease liabilities	19,426	45,346	584,857	649,629
	<u>1,992,475</u>	<u>941,714</u>	<u>584,857</u>	<u>3,519,046</u>

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments.

d) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. 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 profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in currency that is not the Company's functional currency. The Company's transactions are principally in Saudi Riyals, United Arab Emirates Dirhams, Euros and United States Dollars. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged.

The Company's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these financial statements.

ii) Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Company's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value risks to the Company are not significant. The Company have short-term deposits and Murabaha term deposits, interest bearing financial assets at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

32. FINANCIAL INSTRUMENTS (continued)

32.2 Risk management framework (continued)

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	2025	2024
Financial liabilities, variable interest bearing financial instruments	785,171	901,509

The Company's main interest rate risk arises from borrowings with variable rates, which expose the company to cash flow interest rate risk. During 2025 and 2024, the Company's borrowings at variable rate were mainly denominated in Saudi Riyals and USD.

At December 31, 2025, if interest rates had been 100 bps higher/lower with all other variables held constant, future interest on outstanding loans will increase/decrease by Saudi Riyals 10.4 million (December 31, 2024: Saudi Riyals 16.17 million).

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have any financial instruments which are subject to other price risk.

e) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximize shareholders' value. The capital is managed by the board of directors. The capital structure includes all component of shareholders' equity. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated based on the net cash / debt divided by total capital.

	2025	2024
Borrowings	785,171	901,509
Lease liabilities	163,892	169,316
Less: short-term deposits	(385,763)	(452,304)
Less: cash and cash equivalents	(987,383)	(735,171)
Net debt / (Cash) (A)	(424,083)	(116,650)
Shareholders' equity (B)	4,582,446	4,397,459
Total capital (A+B)	4,158,363	4,280,809
Negative gearing ratio (A / (A+B))	(10%)	(3%)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

32. FINANCIAL INSTRUMENTS (continued)

32.2 Risk management framework (continued)

f) Net cash / debt reconciliation

	<u>Borrowings</u>	<u>Lease liabilities</u>	<u>Dividend payable</u>	<u>Total</u>
As at January 1, 2024	(1,942,104)	(186,270)	--	(2,128,374)
<i>Changes from financing cashflows:</i>				
Payments	1,124,714	24,109	--	1,148,823
Dividend payments	--	--	1,446,993	1,446,993
Total changes from financing cashflows	1,124,714	24,109	1,446,993	2,595,816
<i>Other changes:</i>				
Dividend announced	--	--	(1,446,993)	(1,446,993)
Interest	(84,119)	(7,155)	--	(91,274)
Total other changes	(84,119)	(7,155)	(1,446,993)	(1,538,267)
As at December 31, 2024	(901,509)	(169,316)	--	(1,070,825)
<i>Changes from financing cashflows:</i>				
Payments	169,441	31,379	--	200,820
Dividend payments	--	--	686,486	686,486
Total changes from financing cashflows	169,441	31,379	686,486	887,306
<i>Other changes:</i>				
Dividend announced	--	--	(686,486)	(686,486)
Interest	(53,102)	(9,063)	--	(62,165)
Others	(1)	(16,892)	--	(16,893)
Total other changes	(53,103)	(25,955)	(686,486)	(765,544)
As at December 31, 2025	(785,171)	(163,892)	--	(949,063)

33. COMMITMENTS AND CONTINGENCIES

33.1 Commitments

As at December 31, 2025, the Company had outstanding capital commitments of Saudi Riyals 1,052.62 million (December 31, 2024: Saudi Riyals 881.31 million) in respect of additions to property, plant and equipment at its Jeddah and Yanbu refineries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

33. COMMITMENTS AND CONTINGENCIES (continued)

33.2 Contingencies

As at December 31, 2025, letters of guarantees issued by banks on behalf of the Company amounted to Saudi Riyals 3.61 million (December 31, 2024: Saudi Riyals 3.86 million) and letters of credit issued by banks on behalf of the Company is Saudi Riyals 58.28 million (December 31, 2024: Saudi Riyals 59.17 million) for various business needs.

34. OPERATING SEGMENT

The Company is engaged to construct, own and operate refineries of lubricating oils and to purchase, sell, transport, market, import and export lubricating oils, additives, lubricating oil blending stocks, by-products and other related petroleum products. The Company operates in Jeddah and Yanbu region of Saudi Arabia and has an operation in 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, are the 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, earnings before interest, tax, depreciation and amortisation (EBITDA), net income and return on equity.

Geographical information of the Company's revenues is disclosed in Note 25. The Company's property, plant and equipment assets are located in Kingdom of Saudi Arabia. Saudi Aramco is the Company's major customer exceeding 10% revenue threshold. See Note 25.

35. SUBSEQUENT EVENT

On February 6, 2026 (corresponding to Shaban 18, 1447H), the Board of Directors of the Company resolved to recommend the General Assembly for distribution of annual dividend for the year ended December 31, 2025 of Saudi Riyals 3.5 per share amounting to Saudi Riyals 588.91 million.

No other matter has occurred up to and including the date of the approval of these financial statements by the Board of Directors which could materially affect these financial statements and the related disclosures for the year ended December 31, 2025.

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Directors of the Company on February 6, 2026, corresponding to Shaban 18, 1447H.