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Agreed-Upon Procedures Report with respect to the purchase of Treasury Shares

Mr. Fahad S. Al-Matrafi
President & Chief Executive Officer
Advanced Petrochemical Company
Jubail Industrial City
P.O.Box 11022, Jubail 31961
Kingdom of Saudi Arabia

Dear Sir,

Scope and purpose

We have performed the procedures enumerated below, which were agreed to by the Advanced Petrochemical Company - a Saudi Joint Stock Company (the "Company" or "Engaging Party") with respect to the purchase of its own shares for the purpose of its long-term incentive plan for certain eligible employees, solely to assist you in meeting the solvency requirements in accordance with Article 17 of Part 6 - Share buy-back rules, Chapter 1, Point 3, "Implementing Regulation of the Companies Law for Listed Joint Stock Companies" issued by Capital Market Authority ("CMA"), ("Subject Matter"), and may not be suitable for another purpose.

Restricted use

This agreed-upon procedures report ("AUP Report") is intended solely for the information and use for the purpose set forth in the first paragraph of this report and for your information and is not intended to be and should not be used by anyone else or to be distributed to any other parties.

Responsibilities of the Engaging Party

Engaging Party has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Responsibilities of the Practitioner

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), "*Agreed-Upon Procedures Engagements*", as endorsed in the Kingdom of Saudi Arabia. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Engaging Party, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.



Agreed-Up Procedures Report on with respect to the purchase of Treasury Shares (continued)

Our independence and quality control

In performing the Agreed-Up Procedures engagement, we complied with the ethical requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia. We are the independent auditor of the Company and its subsidiaries (the "Group") and therefore we also comply with the independence requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code.

Our firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We have performed the procedures described below, which were agreed upon with the Engaging Party on the Subject Matter.

Our procedures included:

- We obtained the solvency statement (Annexure-A), which includes the Company and its subsidiaries (the "Group") financial information as of 31 December 2022 and budget information prepared by the Group's management as of 31 December 2023 (the "budget").
- We agreed the Group's financial information included in the statement with the consolidated financial information for the year ended 31 December 2022 (the "Financial Information"). We also agreed the budget information presented in the statement with the budget prepared by the Group's management.
- We recalculated the value of the proposed treasury shares and examining the amount of treasury shares so that it does not exceed the value of the retained earnings as indicated in the financial information.

Our findings included:

- The solvency statement (Annexure-A) has been obtained, which includes the Group's financial information as of 31 December 2022 and budget information prepared by the Group's management as of 31 December 2023 (the "budget").
- The Group's financial information included in the statement has been agreed with the consolidated financial information for the year ended 31 December 2022 (the "Financial Information"). We also agreed the budget information presented in the statement with the budget prepared by the Group's management. We did not identify any exceptions.
- We recalculated the value of the proposed treasury shares and examining the amount of treasury shares so that it does not exceed the value of the retained earnings as indicated in the financial information. We did not identify any exceptions.

Agreed-Upon Procedures Report on with respect to the purchase of Treasury Shares (continued)

Restrictions on the performance of the procedures

This report relates only to the accounts and items specified above and does not extend to any financial statements of the Group, taken as a whole.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. 437

Al Khobar: 23 Sha'ban 1444H
15 March 2023



Solvency Statement (Annexure – A) for Advanced Petrochemical Company (the “Company”) and its subsidiaries (the “Group”)

(All Amounts in SR Millions)

Capital Market Authority of Kingdom of Saudi Arabia

Regulatory Rules and Procedures

Part 6 “Buy-back, Sale, Pledge of Shares”, Chapter 1 “Share Buy-back Rules”, Article 17, Section (3)

Following are the solvency requirements for the plan to purchase treasury shares amounting to SR 30 million:

- i) Prior to buying its shares, the Company must have, on its own or with its subsidiaries, sufficient working capital for the twelve (12) months immediately following the date of completion of the share buy-back transaction.

As per audited consolidated financial information and management forecast	31 December 2022	31 December 2023
Excess of current assets over current liabilities – After buy-back transaction*	1,259	600

* We excluded Murabha facility Agreements for 1,740 as per audited consolidated financial information and 1,750 as per management forecast to finance equity for the new PDH & PP project and working capital requirements.

- ii) The value of the Groups’ assets must not be less than the value of its liabilities (including contingent liabilities), prior to and immediately upon payment of the purchase price, according to the latest reviewed interim consolidated financial statements or consolidated audited financial statements, whichever is later.

Amount as per the audited consolidated financial information **31 December 2022**

Excess of total assets over total liabilities and contingent liabilities after buy back of shares **3,568**

- iii) The amount of treasury shares held must not exceed the amount of the retained profit of the Group.

Amounts as per the audited consolidated financial information **31 December 2022**

Excess of retained earnings over the value of treasury shares **222**



ABDULAZIZ S. AL-ARDHI
Finance & Accounting Manager



FAHAD S. AL-MATRAFI
President & CEO

