

Chairman's Message



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Dear Shareholders,

It is my pleasure to present Luberef's annual report for the 2022 financial year, in which we will preview the company's performance and highlight the most important developments.

2022 was a momentous year for Luberef. In a year marked by geo-political tension and economic uncertainty, we continued to focus on our core strengths which led to us being the dominant base oil supplier in the region. We capitalized on the strong crack margin environment by leveraging our high reliability, asset utilization, and execution of transformation program initiatives. Our efforts yielded a strong operating performance with base oil volume growth, which contributed to outstanding financial performance.

We reported record revenues, net income and free cash flows. Our performance is a testament of our high profitability and resilience which is evidenced by our high returns on capital employed. These outstanding results have encouraged the Board to recommend a strong dividend for the second half of 2022, to be approved by the shareholders in the upcoming general assembly.

As an embedded pure play base oil producer, we are uniquely positioned in the base oil market due to our financial strength, geographic location, advantaged value chain position and competitive cost structure. Despite changing market dynamics, we remained prudent with our business decisions, keeping in mind the current shift in demand from GI to GII & GIII base oils. We are focusing on identifying

and capturing opportunities presented by this shift in the market. We are committed to focus on creating shareholder value by evaluating long-term growth opportunities that meet our high return targets. As we aim to maintain our track record of value-added growth.

Our results extend beyond base oils as we maintain a strong focus on the safety of our operations with our safety management system which has been in place for more than 10 years, and its success can be seen in our total recordable incident rate, which we have maintained at 0.0 for more than three years, which is an exceptional performance by industry standards.

We are excited to have begun this year as a public company with new shareholders. We realize the additional responsibility and the expectations of shareholders who have placed trust in us. On behalf of the Board of Directors and the Luberef Executive Team, we assure all our shareholders that we will work towards providing sustainable and profitable growth, and increased value for our shareholders. I would like to sincerely thank all our customers, valued partners and most importantly the dedicated Luberef employees for their commitment to excellence.

**Mr. Ibrahim
Q. Al Buainain**

Chairman