


Results and Performance

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Key 2022 Metrics

Operations



Capacity Utilization

88.8%
(2021: 87.2%)


Mechanical Availability

99.7%
(2021: 99.7%)



Sales volume for Byproducts


2,563,703 MT
(2021: 2,539,551 MT)



Operating Capacity

Base Oils
1,345,000 MT
(2021: 1,345,000 MT)

Byproducts*
2,650,000 MT
(2021: 2,650,000 MT)




Base Oil Production

1,194,792 MT
(2021: 1,173,130 MT)

Group I
407,751 MT
(2021: 412,455 MT)

Group II
787,041 MT
(2021: 760,675 MT)



Sales volume for base oils

1,247,732 MT
(2021: 1,184,568 MT)

Group I
423,048 MT
(2021: 403,233MT)

Group II
805,711 MT
(2021: 756,777 MT)

Group III**
81,442MT
(2021: 66,629 MT)



Crack Margins

2,484 SAR/MT
(2021: 2,248 SAR/MT)

Margins for Byproducts

96 SAR/MT
(2021: 67 SAR/MT)

* Byproducts volumes include White Products.
** It refers to the sales made by Aramco Base Oil Alliance members (S-Oil and Motiva) in the Company's zone and it includes minimal alliance Group I sales.

Financial



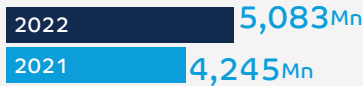
Revenue



Profit for the year



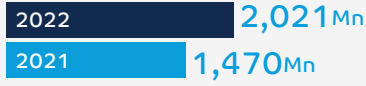
Total equity



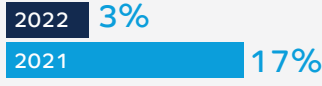
Gross profit



Total comprehensive income



Gearing



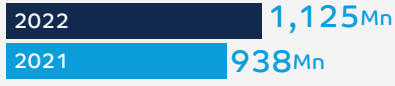
Operating profit



Earnings per share



Cash Dividends



All figures in SAR

ESG





CFO's Message

With our cost leadership and advantaged value chain position, we will leverage our position to maximize our value capture.

Net Income and Free Cash Flow almost

SAR2.0 billion

Crack Margin Averaging 2022

2,484
SAR/MT

Gearing Dropping to

3%

Dear Shareholders,

I am delighted to share with you Luberef's first financial performance as a publicly listed company. Our 2022 performance was a testament to our position as a leader in high value downstream, as we have delivered a record revenue, net income and free cash flow.

The year started with low base oil crack margins of around SAR1,616 per metric ton in the first quarter due to high oil prices resulting from geo-political tensions. However, base oil prices increased in the second and third quarters resulting in a healthy margin environment with cracks of SAR2,704 and SAR3,116 per

metric ton in the second and third quarter respectively. Prices normalized in the fourth quarter. However, base oil crack margins remained above historical averages at SAR2,655 per metric ton, with 2022 crack margin averaging to SAR 2,484 per metric ton.

Our volume growth of 6% in 2022 has ensured we have fully captured the benefits resulting from the overall healthy crack margin environment experienced in 2022, with our domestic market recording an above average volume growth of 7%. This has translated into a record results with revenues of more than SAR 10.6 billion, net income and free cash flow of around SAR 2.0 billion.

With these outstanding results, our Board of Directors have recommended a strong dividend of around SAR 840 million for the second half of 2022. We maintain a robust financial position with our gearing dropping to 3%, and we continue to generate high returns to our shareholders as can be observed in our ROACE of 39%.

With our cost leadership and advantaged value chain position, we will leverage our position to maximize our value capture. We will continue to operate within our financial framework, as we maintain a strong balance sheet and have a low capex forecast, while operating a high cash conversion asset, gives us the

opportunity to generate value to shareholders in terms of future distributions.

2022 was an incredible year for Luberef where we have delivered on all of our promises in terms of volumes and dividend. We plan to continue meeting and exceeding investor expectation in 2023 and will continue to relentlessly pursue our stated objectives, and wish to take this opportunity to thank all our shareholders for their trust.

Mohammed Al Nafea

Chief Financial Officer

Financial Performance

Luberef's financial results reflect the underlying fundamental strengths of its business model and the rich experience and expertise of the management team that is steering Luberef

ahead. In 2020, Luberef's performance was deeply impacted because of the pandemic-induced economic slowdown. However, Luberef's performance has shown

significant improvement in the last two years, driven by the post-pandemic recovery, healthy crack margins and high capacity utilization.

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Business Results (SAR Mn)

Description	2022	2021	% Change	2020	2019
Sales	10,613.9	8,846.7	20%	4,393.5	5,620.4
Cost of sales	(8,110.1)	(6,804.9)	19%	(3,978.6)	(5,414.1)
Gross profit	2,503.8	2,041.8	23%	415.0	206.3
Operating profit	2,171.1	1,755.6	24%	149.0	(57.6)
Profit for the year	1,978.1	1,502.5	32%	81.1	(140.6)
Total comprehensive income for the year	2,020.7	1,470.5	37%	114.7	(106.6)

Comparison of assets and liabilities (SAR Mn)

Description	2022	2021	% Change	2020	2019
Current assets	3,694.9	3,108.4	19%	1,793.7	1,491.6
Non-current assets	4,949.9	5,255.9	(6%)	5,518.7	5,663.4
Total Assets	8,644.8	8,364.3	3%	7,312.4	7,155.1
Total equity	5,082.8	4,244.5	20%	3,711.6	3,596.9
Current liabilities	1,216.4	1,493.8	(19%)	2,050.6	1,775.1
Non-current liabilities	2,345.6	2,626.0	(11%)	1,550.2	1,783.10
Total liabilities	3,562.0	4,119.8	(14%)	3,600.8	3,558.2
Total equity and liabilities	8,644.8	8,364.3	3%	7,312.4	7,155.1

Statement of cash flows (SAR Mn)

Description	2022	2021	% Change	2020	2019
(Loss) / profit before zakat and income tax	2,131.6	1,691.4	26%	81.9	(137.9)
Cash generated from operating activities	2,254.7	1,844.7	22%	334.3	128.4
Net cash inflow from operating activities	2,016.9	1,814.6	11%	311.3	21.5
Net cash generated (outflow) / inflow from investing activities	(48.8)	(221.6)	(78%)	11.3	(314.0)
Net cash (outflow) / inflow from financing activities	(1,405.4)	(916.4)	53%	171.2	(447.3)
Net (decrease) / increase in cash and cash equivalents	562.6	676.6	(17%)	493.8	(739.8)
Cash and cash equivalents at the beginning of the year	1,349.5	672.9	101%	179.0	918.9
Cash and cash equivalents at the end of the year	1,912.1	1,349.5	42%	672.9	179.0

Dividends declared and distributed (SAR Mn)

Description	2022	2021	% Change	2020	2019
Net profit/loss before other comprehensive income	1,978.1	1,502.5	32%	81.1	(140.6)
Dividends declared	1,263.7	1,023.4	23%	0.0	0.0
Dividends paid after zakat and tax deduction	1,125.0	937.5	20%	0.0	0.0

Operating and Financial Performance in 2022

Luberef benefitted from a strong margin environment in 2022 and high base oil crack margins while product prices increased. This was due to growing demand and tight supplies in the base oil market, as producers focused their assets to maximize diesel production due to the strong diesel margins.

Revenue

In 2022, Luberef generated SAR 10,613.9 Mn in revenues as compared to SAR 8,846.7 Mn in 2021, a growth of 19.9% yoy due to increased base oil sales volume by 6% and price by 14% that generated overall 20% higher revenue from base oil. Byproducts and white-products combined sales volume increased by 1% and the price by 17% and that generated additional revenue by 18%.

Operating Profit

In 2022, Luberef had operating profit of SAR 2,171.1 Mn as compared to SAR 1,755.6 Mn in 2021, a growth of 23.7% yoy. This was due to increased revenue by 19.9% that was partially offset by increases feedstock price by 16% and volume by 2%

ROACE

In 2022, Luberef’s ROACE was 39% as compared to 30% in 2021. While the numerator NOPAT increased by SAR 450 Mn (29%) due higher crack margin, the denominator net debt was reduced by SAR 715 Mn (82%) due to higher cash balance and repayment of long-term loans that was partially offset by increased equity by SAR 838 Mn.



Gearing

Luberef’s gearing ratio stood at 3% as on December 31, 2022, compared to 17% during the same period in 2021. The decrease in gearing resulted from strong operating cash flows owing to higher margins and consistent capacity utilization. This led to steady production and a strong market presence, driving sales volumes.

Overview of total debt portfolio as of December 31, 2022

SAR	Original loan amount	Beginning balance	Additions during the year	Repayments during the year	Non-cash additions during the year	Ending balance	Period of the loans (years)
Long term	2,250,000,000	2,250,000,000		(146,250,000)	1,109,591	2,104,859,591	9
Finance lease		112,802,992		(10,079,110)	5,067,323	107,791,205	
Total		2,362,802,992		(156,329,110)	6,176,914	2,212,650,796	

Total debt portfolio as of December 31, 2022 broken down by lenders

Lending party	Amounts in SAR	%
Banks	2,104,859,591	95%
Finance leases	107,791,205	5%
Total	2,212,650,796	100%

Below is a statement that shows the amount for statutory levies both paid and outstanding until the end of financial year 2022

	2022		2021	
	Paid	Outstanding	Paid	Outstanding
item (SAR)				
Zakat	12,525,468.00	28,730,151.00	1,102,562.00	19,805,736.00
Income taxes	221,453,432.00	101,475,685.00	-	130,709,876.00
Others*	91,633,907.17	1,756,392.05	54,660,639.86	1,896,275.54
Total	325,612,807.17	131,962,228.05	55,763,201.86	152,411,887.54

Note: * including but not limited to GOSI, labor office fees and visa and passports costs

Reflecting Luberef's commitment to its employees, below is a statement as to the value of any investments made or any reserves set up for the benefit of the employees of Luberef.

Item (SAR)	2022	2021	Change
End of service benefit	135,078,858.00	154,834,671.00	(19,755,813.00)
Post-retirement medical benefits	128,047,534.00	166,834,910.00	(38,787,376.00)
Long-term service awards	902,552	428,700	473,852
Early retirement program	12,538,010.00	-	1,25,38,010.00
Saving plans	57,164,743.08	51,061,939.00	6,228,178.08
Total	333,731,697.08	373,160,220.00	(39,428,522.92)



Current Assets

Current Assets increased from SAR 3,108.4 Mn to SAR 3,694.9 Mn (19%) due to increased cash and receivables offset by reduced inventory.

Non-Current Assets decreased from SAR 5,255.9 Mn to 4,949.9 Mn (6%) basically due to reduced Property, Plant and Equipment by depreciation net of additions.

Current Liabilities reduced from SAR 1,493.8 Mn to SAR 1,216.4 Mn (19%) due to reduced trade payables and Zakat and tax payables offset by an increase in Accruals.

Non-Current Liabilities reduced from SAR 2,626.0 Mn to SAR 2,345.6 Mn (11%) mainly due to repayment of long-term loans by SAR 146 Mn.

Free Cash Flow (FCF) increased by SAR 235.1 Mn (from 1733.8 Mn to 1968.9 Mn) due to improved Cash Generated from Operations (COP) by SAR 202.2 Mn and lower Capex by SAR 32.9 Mn.

Net Cash Out Flow for financing activities was higher than 2021 by SAR 489.1 Mn due repayment of long-term loan installment SAR 146 Mn, purchase of treasury shares worth SAR 57.4 Mn and payment dividend SAR 1,125 Mn compared to 937.5 in 2021.