

Rabigh Refining and Petrochemical Company

Trading Period starts from 15/11/1443H (corresponding to 14/06/2022G) to 22/11/1443H (corresponding to 21/06/2022G)

Subscription Period from 15/11/1443H (corresponding to 14/06/2022G) to 27/11/1443H (corresponding to 26/06/2022G)

Rabigh Refining and Petrochemical Company is a Saudi joint stock company with the commercial registration number (4602002161) dated 15/08/1426H (corresponding to 19/09/2005G) issued in Rabigh city and has been converted to a joint stock company pursuant to Ministerial resolution number (262/Q), dated 22/10/1428H (corresponding to 03/11/2007G).

Offering of Seven hundred ninety-five million (795,000,000) new ordinary shares with an offer price of SAR 10 per share ("Offer Price") by way of rights issue with an aggregate nominal value of seven billion nine hundred fifty million Saudi Riyals (SAR 7,950,000,000), which represents a 90.75% increase in the Company's share capital from SAR 8,760,000,000 to SAR 16,710,000,000 ("Offering").

Rabigh Refining and Petrochemical Company (hereinafter referred to as "Petro Rabigh", the "Company" or the "Issuer") was incorporated as a Saudi limited liability company and was converted into a joint stock company pursuant to Ministerial resolution no. (262/Q) dated 22/10/1428H (corresponding to 3/11/2007G) and is registered under commercial registration number (4602002161) dated 15/08/1426H (corresponding to 19/09/2005G) issued in Rabigh city, Kingdom of Saudi Arabia, where its head office is located.

Petro Rabigh was incorporated on 15/08/1426H (corresponding to 19/09/2005G) with a share capital of seven hundred fifty million Saudi Riyals (SAR 750,000,000), and on 30/12/1426H (30/11/2006G) it increased its share capital from seven hundred fifty million Saudi Riyals (SAR 750,000,000) to two billion six hundred twenty-five million Saudi Riyals (SAR 2,625,000,000) by issuing new shares to the Founding Shareholders in exchange for cash contribution. On 18/1/1428H (corresponding to 6/2/2007G), the Company increased its share capital from two billion six hundred twenty-five million Saudi Riyals (SAR 2,625,000,000) to five billion two hundred fifty million Saudi Riyals (SAR 5,250,000,000) by issuing new shares to the Founding Shareholders in exchange for cash contribution, and then on 28/3/1428H (corresponding to 16/4/2007G) it increased its share capital from five billion two hundred fifty million Saudi Riyals (SAR 5,250,000,000) to six billion five hundred seventy million Saudi Riyals (SAR 6,570,000,000) by issuing new shares to the Founding Shareholders in exchange for cash contribution. Following this and on 18/1/1429H (corresponding to 27/1/2008G), the Company increased its share capital as part of an initial public offering from six billion five hundred seventy million Saudi Riyals (SAR 6,570,000,000) to eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000), by issuing two hundred and nineteen million (219,000,000) new shares for public subscription. (for more details, please refer to Section 4.5.1 ("Historical Changes in Capital").

On 28/8/1443H (corresponding to 31/3/2022G), the Board of Directors of the Company recommended that the Company's capital be increased by way of rights issue offering in a total amount of seven billion nine hundred fifty million Saudi Riyals (SAR 7,950,000,000) (the "Capital Increase") subject to the Company's Extraordinary General Assembly approval of the Capital Increase.

On 09/11/1443H (corresponding to 08/06/2022G), the Company's Extraordinary General Assembly Meeting approved the increase of the Company's share capital by way of rights issue offering of seven hundred ninety-five million (795,000,000) new ordinary shares (the "New Shares") at the offer price of ten Saudi Riyals (SAR 10) per share (the "Offer Price"), with a nominal value of SAR 10 per share in order to increase the Company Capital from eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000) to sixteen billion seven hundred ten million Saudi Riyals (SAR 16,710,000,000) and increase the number of the Company's shares from eight hundred seventy-six million (876,000,000) to one billion six hundred seventy-one million (1,671,000,000) fully paid ordinary shares.

The Company's share capital at the time of effecting the rights issue offering is eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000) divided into eight hundred seventy-six million (876,000,000) fully paid ordinary shares ("Shares") with a nominal value of SAR 10 per share ("Current Shares").

The Rights Issue will be conducted through the issuance of tradable securities (referred to collectively as "Rights" and each as a "Right") to shareholders who own shares in the Company at the close of trading on the date of the Extraordinary General Assembly Meeting relating to the Capital Increase and who are registered in the Company's shareholder register at Securities Depository Center Company ("Edaa") at the end of the second trading day following the date of the Extraordinary General Assembly Meeting relating to the Capital Increase dated 09/11/1443H (corresponding to 08/06/2022G) (the "Eligibility Date") (and are collectively referred to as the "Registered Shareholders" and each as a "Registered Shareholder"). The Rights will be placed in the portfolios of Registered Shareholders after the Extraordinary General Assembly Meeting relating to the Capital Increase (subject to the settlement procedures) in which (0.907534) Right(s) shall be placed for each one (1) Current Share held in the Company. Each Right shall grant its holder eligibility to subscribe for one New Share at the Offer Price.

All Registered Shareholders and other general investors ("New Investors") – who have the right to trade the Rights and subscribe for New Shares – may trade the Rights and subscribe for the New Shares on the Saudi Stock Exchange ("Tadawul") or ("Exchange"). The trading period and subscription period will both start together on Tuesday, 15/11/1443H (corresponding to 14/06/2022G), while the trading period will end on Tuesday, 22/11/1443H (corresponding to 21/06/2022G) (the "Trading Period") and the subscription period will end on Sunday, 27/11/1443H (corresponding to 26/06/2022G) (the "Subscription Period"). The Trading Period and Subscription Period will start on the same date. However, the Trading Period will cease on the 6th day of the start of the period, meanwhile the Subscription Period will end on the 9th day of the start of said period.

As at the date of this Prospectus, the Company's Substantial Shareholders (i.e., those owning 5% or more of its share capital) are Sumitomo Chemical Company Limited ("Sumitomo Chemical") (37.5%) and Saudi Arabian Oil Company ("Saudi Aramco") (37.5%). Each of Saudi Aramco and Sumitomo (the "Founding Shareholders") has undertaken to exercise the Rights allocated to it and subscribe in all of its prorated share of the Offering, which are in total five hundred ninety-six million two hundred fifty thousand (596,250,000) New Shares representing 75% of the Offering. The Founding Shareholders will subscribe in their prorated share of the Offering through the capitalization of an amount of five billion nine hundred sixty-two million five hundred thousand Saudi Riyals (SAR 5,962,500,000) of amounts payable by the Company to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement entered into between the Company and the Founding Shareholders (for more details, please refer to Section 7.2.1 ("Rabigh 1 Shareholder Loan Agreement") and Section 11.2 ("Commitment from the Founding Shareholders").

The New Shares have not been, and will not be, registered under the United States Securities Act of 1933G, as amended (the "US Securities Act") or under any other applicable securities law in the United States. No New Shares under this Prospectus may be offered or sold in the United States of America, nor may they be offered or sold except in the context of transactions that are exempt from or not subject to any registration requirements under the US Securities Act or the securities laws of any country other than the Kingdom of Saudi Arabia. This Offering does not constitute an invitation to sell shares or a solicitation to buy them in any country where this Offering is unlawful or is not permitted.

Registered Shareholders may trade the Rights during the Trading Period by selling the Rights granted to them in whole or in part, or buying additional Rights through the Exchange. New Investors may, during the Trading Period, buy Rights through the Exchange and sell any Rights bought during the Trading Period.

The New Shares may be subscribed for during the Subscription Period via a single phase as follows:

1. During such period, all Registered Shareholders and New Investors who hold Rights may subscribe for the New Shares.

2. Each Registered Shareholder may, during the Subscription Period, directly subscribe (in whole or in part) for the New Shares pursuant to the number of Rights allocated to them. Each Registered Shareholder who buys additional Rights will be allowed to subscribe for New Shares in respect of such additional Rights upon the cessation of the settlement period (two Business Days after buying the additional Rights).
3. The New Investors, who purchase Rights during the Trading Period, may subscribe for the New Shares after the settlement of the transaction related to the purchase of the Rights (two Business Days from the date of purchasing the Rights).
4. Subscription will be available online through the investment portfolio in the trading platforms and applications through which purchase and sale orders are entered. Additionally, subscription shall be available through other media and channels available at the broker.

If there are any unsubscribed New Shares by the end of the Subscription Period ("Rump Shares"), then such New Shares will be offered to a number of institutional investors ("Institutional Investors"). The Institutional Investors may submit their offers for the purchase of the Rump Shares, and such offers shall be received from 10:00 A.M. on Wednesday, 30/11/1443H (corresponding to 29/06/2022G) to 5:00 P.M. on Thursday, 01/12/1443H (corresponding to 30/06/2022G) ("Rump Offering Period"). The Rump Shares will be allocated to the Institutional Investors in order of priority based on the price per Share offered (provided that it shall not be less than the Offer Price) with Shares being allocated on a pro rata basis among those being the Institutional Investors that provided offers at the same price. The Fractional Shares will also be added to the Rump Shares and will be subject to the same treatment. The Company shall receive the total Offer Price obtained from the offering of the Rump Shares and the Fractional Shares. All proceeds resulting from the sale of the Rump Shares and the Fractional Shares (in excess of the Offer Price) shall be distributed to the Eligible Persons, as per entitlement, no later than 18/12/1443H (corresponding to 17/07/2022G).

In the event that the Institutional Investors do not subscribe for all of the Rump Shares, then these shares shall be allocated to the Underwriters who shall subscribe in such shares at the Offer Price (see Section 13 ("Offering Terms and Conditions")). The final allocation of the New Shares will take place no later than 07/12/1443H (corresponding to 06/07/2022G) ("Allocation Date") (see Section 13 "Offering Terms and Conditions").

Upon completion of the Offering and subscription, the Company's capital will be sixteen billion seven hundred ten million Saudi Riyals (SAR 16,710,000,000) divided into one billion six hundred seventy-one million (1,671,000,000) ordinary shares. The net proceeds of the Offering will be used to repay the Rabigh 1 Shareholder Loan Agreement by capitalizing the amounts due to the Founding Shareholders under such agreement, and towards the partial repayment of the amounts under the Equity Bridge Loan agreements for the purpose of reducing the Company's debt levels, in line with the Company's views of the long term sustainable structure (for more details about Use of Proceeds, see Section 7 "Use of Offering Proceeds").

The Company has one class of shares and there are no shares which grant their holders any preferential rights. The New Shares will be fully paid and will have the same rights as Current Shares. Each Share grants its holder one vote, and each shareholder ("the Shareholder") has the right to attend and vote at the General Meeting. Holders of the New Shares shall be entitled to any dividends declared by the Company after the date of the issuance of such shares.

The Company listed eight hundred seventy-six million (876,000,000) Shares on Tadawul through public subscription on 18/01/1429H (corresponding to 27/01/2008G), out of which two hundred and nineteen million (219,000,000) representing 25% of outstanding Shares, were offered to the public. The Company has submitted an application for the registration and offer of the New Shares to the Capital Market Authority of the Kingdom of Saudi Arabia (the "CMA"), and an application for listing of the New Shares on the Saudi Exchange, and all required documents have been submitted to the relevant authorities, and all the regulatory requirements of the relevant authorities have been satisfied, and this Prospectus has been approved.

Trading the New Shares on Tadawul is expected to start soon after the allocation of New Shares and surplus transfer process (see page (xiv) "Key Dates for Eligible Persons"). Saudi nationals, non-Saudi persons who reside legally in the Kingdom, GCC nationals, Saudi and GCC companies and investment funds, qualified foreign investors authorized under the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the CMA as well as foreign strategic investors in accordance with the Instructions for the Foreign Strategic Investors Ownership in Listed Companies issued by the CMA will be permitted to trade in the Shares. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the New Shares by concluding swap agreements with persons authorized by CMA ("Capital Market Institutions"), noting that the Capital Market Institution shall in such case be the registered legal owner of such New Shares.

This Prospectus must be read in full and the "Important Notice" Section and Section 2 "Risk Factors" of this Prospectus must be reviewed prior to making any investment decision in the New Shares or Rights.

Financial Advisor and Lead Manager



Underwriters



This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") and the application for listing of securities in compliance with the Listing Rules of the Exchange. The Members of the Board of Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 24/9/1443H (corresponding to 25/4/2022G).



Important Notice

This prospectus (the “**Prospectus**”) contains detailed information on the Company and the New Shares which are being offered. When submitting the application to subscribe in the New Shares, investors will be treated as applying on the basis of the information contained in this Prospectus, copies of which can be obtained from the head office of the Company and the Financial Advisor or by visiting the website of the Company (www.petrorabigh.com), the website of the Financial Advisor (www.hsbcSaudi.com/), and the CMA website (www.cma.org.sa).

This Prospectus has been published after obtaining the CMA's approval, and it will be made available to the public within a period of no less than fourteen (14) days prior to the date on which the Extraordinary General Assembly Meeting relating to the Capital Increase is held. If the Extraordinary General Assembly Meeting relating to the Capital Increase does not approve the Capital Increase within six months of the date of CMA's approval of the registration and offer of the Rights, the CMA's approval shall become void.

The Company has appointed HSBC Saudi Arabia as financial advisor (“**Financial Advisor**”) and lead manager (“**Lead Manager**”). The Company has appointed HSBC Saudi Arabia, SNB Capital, Alinma Investment, AlJazira Capital, GiB Capital, Riyadh Capital, Saudi Fransi Capital and ANB Capital as underwriters (“**Underwriters**”) for the New Shares to be offered pursuant to this Prospectus.

This Prospectus includes information given in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the CMA. The Members of the Board of Directors whose names appear in page (v) (the “**Board of Directors**”) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Saudi Exchange Company (“**Tadawul**”) do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, a substantial portion of the information in this Prospectus which is relevant to the market and industry is derived from external sources. While the Company, its Directors, the Financial Advisor and the Market Advisor whose names appear on pages (vi), (vii) and (viii) of this Prospectus (the “**Advisors**”) have no reason to believe that any of the market and industry information is materially inaccurate, such information was not independently verified, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Company's shares may be adversely affected by future developments in inflation, interest rates, taxation, changes in the applicable laws and regulations, or other economic, political and other factors over which the Company has no control (see Section 2 “**Risk Factors**”). Neither the delivery of this Prospectus nor any oral or written information in relation to the New Shares is intended to be, or should be construed, or relied upon in any way as a promise or representation of the Company's future earnings, results of operation or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors or any of the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors in the New Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor licensed by the CMA in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs.

All Registered Shareholders and the New Investors – who have the right to trade the Rights and subscribe for the New Shares – may trade and subscribe in the Rights in the Saudi Stock Exchange (“**Tadawul**” or “**Exchange**”). The Trading Period and Subscription Period start on 15/11/1443H (corresponding to 14/06/2022G) in which the Trading Period will cease on 22/11/1443H (corresponding to 21/06/2022G) meanwhile the Subscription Period will cease on 27/11/1443H (corresponding to 26/06/2022G). It is worth noting that the Trading Period and Subscription Period will commence on the same date however the Trading Period will cease on the sixth (6th) day of the start of the same period, meanwhile the Subscription Period will end on the ninth (9th) day of the start of said period.



The Registered Shareholders may trade the Rights during the Trading Period by selling the granted Rights or part of them or buying additional Rights from the Exchange. New Investors may, during the Trading Period, buy Rights through the Exchange and sell any Rights bought during the Trading Period.

The New Shares may be subscribed for during the Subscription Period via a single phase as follows:

- During such period, all Registered Shareholders and New Investors who hold Rights may subscribe for the New Shares.
- Each Registered Shareholder may, during the Subscription Period, directly subscribe (in whole or in part) for the New Shares pursuant to the number of Rights allocated to them. Each Registered Shareholder who buys additional Rights will be allowed to subscribe for New Shares in respect of such additional Rights upon the cessation of the settlement period (two Business Days after buying the additional Rights).
- The New Investors, who purchase Rights during the Trading Period, may subscribe for the New Shares after the settlement of the transaction related to the purchase of the Rights (two Business Days from the date of purchasing the Rights).
- Subscription will be available online through the investment portfolio in the trading platforms and applications through which purchase and sale orders are entered. Additionally, subscription shall be available through other media and channels available at the broker.

If there are any unsubscribed New Shares by the end of the Subscription Period (the "**Rump Shares**"), then such shares shall be offered to a number of institutional investors ("**Institutional Investors**") at no less than the Offer Price (such offering shall be referred to as the "**Rump Offering**"). The Institutional Investors shall submit their offers for the purchase of the Rump Shares, and such offers shall be received from 10:00 A.M. on 30/11/1443H (corresponding to 29/06/2022G) to 5:00 P.M. on 01/12/1443H (corresponding to 30/06/2022G) (the "**Rump Offering Period**"). The Rump Shares will be allocated to the Institutional Investors in order of priority based on the price per Share offered (provided that it shall not be less than the Offer Price), with Shares being allocated on a pro rata basis among those Institutional Investors that provided offers at the same price. Fractional Shares will also be added to the Rump Shares and will be subject to the same treatment. The Company shall receive the total Offer Price obtained from the offering of the Rump Shares. The proceeds from the Rump Offering (i.e., in excess of the Offer Price) will be distributed to Eligible Persons, as per entitlement, no later than 18/12/1443H (corresponding to 17/07/2022G).

In the event that the Institutional Investors do not subscribe for all of the Rump Shares and Fractional Shares, such remainder shares shall be allocated to the Underwriters who shall subscribe for them at the Offer Price (see Section 13 "**Offering Terms and Conditions**").

The Rights Issue is contingent on obtaining the legally required approvals, including approval from the Company's shareholders to increase the share capital of the Company by way of rights issue. If shareholder approval is not obtained from shareholders, the Rights Issue will not proceed, this Prospectus shall be considered void and the Shareholders will be notified thereof.

The recipient of this Prospectus is required to inform themselves of, and observe, any regulatory and legal restrictions in relation to the trading of the Rights and subscription in the New Shares.

Industry and Market Data

Information and data on the refined products and petrochemical products sectors in the Kingdom contained in this Prospectus have been obtained from various publicly available third party sources and materials as well as the market report provided exclusively for the Company by the market advisor, NexantECA Limited ("**NexantECA**" or the "**Market Advisor**"), which is presented in Section 3 ("**Market Overview**") of this Prospectus.

NexantECA Limited was founded in 2000 and is headquartered in London, UK. It is an independent consulting firm that is engaged in the business of providing market and industry studies to the refining and petrochemical industries.

The Company believes that information and data obtained and derived from the market reports prepared by NexantECA are reliable. However, the Company, the Directors and the Advisors have not independently verified such information and data, and no guarantee can be provided as to its accuracy or completeness. The Company has made all reasonable efforts to ensure the accuracy of such information and data. The information contained in the market report is based on assumptions that may change, which could result in a change in the information itself.

NexantECA does not own any shares or any interest of any kind in the Company. NexantECA has given, and not withdrawn, as at the date of this Prospectus, its written consent for the use of its name, market information and data supplied by it to the Company in the manner and format set out in this Prospectus.



Financial Information

The Company's audited financial statements as at and for the years ended 31 December 2018G, 2019G and 2020G and the unaudited condensed interim financial statements for the period ended 30 September 2021G, and the accompanying notes thereto, have been prepared in accordance with IFRS, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Companies Regulations and the Bylaws.

The Company publishes its financial statements in Saudi Riyals. In this Prospectus, unless otherwise specified, references to "SAR", "Saudi Riyals" and "Riyals" are to the currency of the Kingdom.

The figures in this Prospectus are presented in Saudi Riyals in millions unless otherwise stated. As such, if aggregated, the figures as presented in the Financial Statements may differ from those which are stated in this Prospectus due to rounding off. Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. If certain figures have been converted from a foreign currency to Saudi Riyals, such conversion has been made based on the exchange rate of the Saudi Riyals in relation to the relevant foreign currency in accordance with Company's accounting policies.

Forecasts and Forward-looking Statements

Forecasts and statements were set out in this Prospectus on the basis of certain stated assumptions. Future operating conditions may differ from the assumptions used. Consequently, no affirmation, representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words, such as "**plans**", "**estimates**", "**believes**", "**expects**", "**anticipates**", "**may**", "**will**", "**should**", "**expected**", "**would be**", or the negative thereof, or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events and are not a guarantee of future performance, as there are many factors that could affect the actual performance, achievements or results of the Company and cause them to be significantly different from what was expected, whether expressed or implied, in these forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see Section 2 "**Risk Factors**"). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

In accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the CMA, the Company must submit a supplementary prospectus to the CMA if, at any time after this Prospectus has been approved by the CMA and before completion of offer of the New Shares, it becomes aware that:

- a- there has been a significant change in material matters contained in this Prospectus; or
- b- any additional significant matters have become known which would have been required to be included in this Prospectus.

Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any information in this Prospectus, whether as a result of new information, future events or otherwise. As such the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.





Corporate Directory

Board of Directors

Name	Nation-ality	Age	Position	Membership Status	Date of board ap-ointment	Repre-senting	Current Shares owned directly	Current Shares owned indirectly*	Total	Percentage
Ibrahim Q. Al-Buainain	Saudi	55	Chairman	Non-Executive / Not Independent	03/11/2021	Saudi Aramco	-	-	-	-
Noriaki Takeshita	Japanese	63	Vice Chairman	Non-Executive / Not Independent	03/11/2021	Sumitomo Chemical	-	-	-	-
Othman A. Al-Ghamdi	Saudi	55	Member	Executive / Not Independent	03/11/2021	Saudi Aramco	4400	-	4400	0.0005%
Suleman A. Al-Bargan	Saudi	59	Member	Non-Executive / Not Independent	03/11/2021	Saudi Aramco	-	-	-	-
Seiji Takeuchi	Japanese	59	Member	Non-Executive / Not Independent	03/11/2021	Sumitomo Chemical	-	-	-	-
Takashi Shigemori	Japanese	63	Member	Non-Executive / Not Independent	03/11/2021	Sumitomo Chemical	-	-	-	-
Abdullah Jaber Al-Faifi	Saudi	61	Member	Non-Executive / Independent	03/11/2021	-	100	-	100	0.000011%
Saleh F. Al-Nuzha	Saudi	63	Member	Non-Executive / Independent	03/11/2021	-	1000	-	1000	0.00011%
Mohammed A. Al-Omair	Saudi	63	Member	Non-Executive / Independent	03/11/2021	-	12	-	12	0.0000014%

Source: The Company.

* Means Current Shares indirectly owned by members of the Board of Directors in the Company through their ownership in companies that own Shares in the Company, or Shares owned by Relatives of board members, either directly or through their ownership in companies that own Shares in the Company



Head Office of the Company

Rabigh Refining and Petrochemical Company

PO Box 101

Rabigh 21911

Kingdom of Saudi Arabia

Tel: 00966 12 425 8887

Fax: 00966 12 425 8889

Email: Investor.Relations@petrorabigh.com

Website: www.petrorabigh.com



Representatives of the Company

Othman A. AlGhamdi

Board member

Rabigh Refining and Petrochemical Company

PO Box 101

Rabigh 21911, Kingdom of Saudi Arabia

Tel: 00966 12425-8888

Fax: 00966 12 425 8889

Email: GHAMDIOA@petrorabigh.com

Website: www.petrorabigh.com

Mohammed M. Farsi

Vice President, Engineering & Support

Rabigh Refining and Petrochemical Company

PO Box 101

Rabigh 21911, Kingdom of Saudi Arabia

Tel: 00966 12425-9999

Fax: 00966 12425-8889

Email: FARSIMM@petrorabigh.com

Website: www.petrorabigh.com

The Exchange

The Saudi Exchange Company

Abraaj Attawuneiya, North Tower

6897 King Fahd Road, Olaya

Unit number (15)

Riyadh 3388-12211

Kingdom of Saudi Arabia

Tel: +966 (11) 92000 1919

Fax: +966 (11) 218 9133

Email: www.saudiexchange.sa

Website: csc@saudiexchange.sa





The Financial Advisor and Lead Manager

HSBC Saudi Arabia

HSBC Building
7267 Al Olaya Road, AlMurooj
Riyadh 12283-2255
Kingdom of Saudi Arabia
Tel: +966 920005920
Fax: +966 11 299 2385
Email: prcrightsissue@hsbcsa.com
Website: <http://www.hsbcsaudi.com/>



Underwriters

HSBC Saudi Arabia

7267 Olaya - Al Murooj
Riyadh 12283-2255,
Kingdom of Saudi Arabia
Tel: +966 (11) 299 2052
Fax: +966 (11) 299 2385
Email: prcrightsissue@hsbcsa.com
Website: <http://www.hsbcsaudi.com/>



Riyad Capital

Granada Business Park 2414 - Al Shohda Dist
Unit No. 69 Riyadh 13241 – 7279
Kingdom of Saudi Arabia
Tel: +966 (11) 4865649
Fax: +966 (11) 4865908
Email: Project.Hope@riyadcapital.com
Website: www.riyadcapital.com



Alinma Investment

Riyadh, King Fahad Road (Al Anoud Tower-2)
P.O. Box: 55560
Riyadh 11544
Kingdom of Saudi Arabia
Tel: +966 (11) 2185999
Fax: +966 (11) 2185970
Email: info@alinmainvestment.com
Website: www.alinmainvestment.com



GIB Capital

Low Rise Building 1 Granada Business & Residential Park
Eastern Ring Road
P.O. Box: 89589
Riyadh 11692
Kingdom of Saudi Arabia
Tel: +966 11 511 2200
Fax: +966 11 511 2201
Email: customercare@gibcapital.com
Website: www.gibcapital.com





SNB Capital Company

King Saud Road, SNB Regional Building
P.O. Box: 22216
Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Email: snbc.cm@alahlicapital.com
Website: www.alahlicapital.com



Arab National Investment Company

King Faisal Street
Arab National Investment Company Building
P.O. Box: 220009
Riyadh 11311
Kingdom of Saudi Arabia
Tel: +966 11 406 2500
Fax: +966 11 406 2548
Email: Investment.Banking@anbinvest.com.sa
Website: www.anbinvest.com.sa



Saudi Fransi Capital

King Fahad Road 8092
P.O. Box: 23454
Riyadh 12313-3735
Kingdom of Saudi Arabia
Tel: +966 11 2826666
Fax: +966 11 2826823
Email: info@fransicapital.com.
Website: www.sfc.com

السعودي الفرنسي كابيتال
Saudi Fransi Capital



Aljazira Capital

King Fahad Road
P.O. Box: 20438
Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Email: contactus@aljaziracapital.com.sa
Website: www.aljaziracapital.com.sa



Legal Advisor to the Company

Khoshaim & Associates

17th Floor, Tower B, Olaya Towers
Riyadh, Saudi Arabia
Tel: +966 11 461 8700
Fax: +966 11 461 8799
Email: Project.Hope@khoshaim.com
Website: www.khoshaim.com



Financial Due Diligence Advisor to the Company

Ernst & Young & Co. Public Accountants (Professional Limited Liability Company)

Alfaisaliah Office Tower – 14th floor
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
Email: ey.ksa@sa.ey.com
Website: www.ey.com



Auditors of the Company

KPMG Professional Services

Zahrn Business Center Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Tel: +966 12 230 3000
Fax: +966 12 230 3111
Email: marketingsa@kpmg.com
Website: http://www.kpmg.com.sa/



Market Advisor

NexantECA

NexantECA Limited
110 Cannon Street
London EC4N 6EU
United Kingdom
Tel: +44 (0)20 7950 1600
Fax: +44 (0)20 7950 1550
Email: contactus@nexanteca.com
Website: https://www.nexanteca.com/



Note: All of the above-mentioned advisors have provided their written consent to include their names, logos and statements attributed to them as set out in this Prospectus. None of the above-mentioned advisors have withdrawn its consent as of the date of this Prospectus.





Offering Summary

This summary of the Offering is intended to provide a brief overview on the information contained in this Prospectus. Therefore, this summary does not contain all information that may be of interest to Shareholders and other individual or Institutional Investors. Accordingly, the Recipients of this Prospectus must read this Prospectus in full before making an investment decision regarding the Rights or New Shares. The “**Important Notice**” section and Section 2 “**Risk Factors**” of this Prospectus should be considered prior to making any investment decision relating to the Rights or the New Shares.

The Company	<p>Rabigh Refining and Petrochemical Company was incorporated in 15/08/1426H (corresponding to 19/09/2005G) as a Saudi limited liability company under commercial registration number (4602002161) by its two founders, Saudi Aramco and Sumitomo Chemical. The Company was converted into a joint stock company pursuant to ministerial resolution no. (262/Q) dated 22/10/1428H (corresponding to 3/11/2007G).</p> <p>On 18/1/1429H (corresponding to 27/1/2008G), the Company underwent its initial public offering where 25% of its share capital was offered to the public and subsequently was listed on the Saudi Exchange.</p> <p>The Company's headquarters are located in Rabigh, Saudi Arabia, and the current share capital of the Company is SAR (8,760,000,000) divided to (876,000,000) ordinary shares, the nominal value of each is SAR (10).</p> <p>The Company has two major shareholders, Saudi Aramco and Sumitomo Chemical, each of which own (37.5%) of the Company's share capital, respectively.</p>
Activities of the Company	<p>The objectives of the Company are the development, construction and operation of an integrated petroleum refining and petrochemical complex, including the manufacturing of refined petroleum products, petrochemical products and other hydrocarbon products, which include the following:</p> <p>Liquefied petroleum gas, naphtha, gasoline, vacuumed gas oil, treated vacuumed gas oil, diesel, kerosene (jet fuel), fuel oil, hydrogen, nitrogen, petroleum slop, sulfur and sludge, ethylene, propylene, mono ethylene glycol, propylene oxide, benzene, para xylene, cumene, phenol, acetone, isobutylene, methyl tert-butyl, ether, methyl methacrylate, n-butane, heavy aromatics, toluene, mixed xylene, heavy ethylene glycols, raffinates, low density polyethylene, polypropylene homo polymer, polypropylene block copolymer, high density polyethylene wax, poly (methyl methacrylate), ethylene propylene diene monomer rubber, thermo plastic olefins, and nylon 6 (polyamide 6).</p>
Substantial Shareholders	<p>Persons owning 5% or more of the Issuer's shares, who are:</p> <ol style="list-style-type: none"> 1- Sumitomo Chemical with three hundred twenty-eight million five hundred thousand (328,500,000) Current Shares (37.5%); and 2- Saudi Aramco with three hundred twenty-eight million five hundred thousand (328,500,000) Current Shares (37.5%).
Purpose of the Issuance of New Shares	<p>To reduce the Company's debt levels, in line with the Company's views of the long-term sustainable capital structure, through the repayment of the amounts due under the Rabigh 1 Shareholder Loan Agreement by capitalizing the amounts due to the Founding Shareholders under such agreement, and towards the partial repayment of the Equity Bridge Loans.</p>
Total Proceeds expected to be raised	<p>The gross Offering proceeds are expected to be seven billion nine hundred fifty million Saudi Riyals (SAR 7,950,000,000).</p>





<p>Proposed use of proceeds</p>	<p>The gross Offering proceeds are expected to be seven billion nine hundred fifty million Saudi Riyals (SAR 7,950,000,000). The net Offering proceeds are expected to be seven billion eight hundred ninety million Saudi Riyals (SAR 7,890,000,000) after the deduction of the Offering Expenses, which are estimated to be sixty million Saudi Riyals (SAR 60,000,000). The net Offering proceeds will be used to repay the amounts due under the Rabigh 1 Shareholder Loan Agreement by capitalizing the amounts due to the Founding Shareholders under such agreement, and towards the partial repayment of the Equity Bridge Loans.</p> <p>A summary of the proposed use of Offering proceeds is set out in the table below:</p> <table data-bbox="505 517 1396 824"> <thead> <tr> <th>Description</th><th>Total (SAR)</th></tr> </thead> <tbody> <tr> <td>Repayment of the loan from the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement through the capitalization of the amounts due to the Founding Shareholders</td><td>5,962,500,000</td></tr> <tr> <td>Partial repayment of the Equity Bridge Loans</td><td>1,927,500,000</td></tr> <tr> <td>Expected Offering Expenses</td><td>60,000,000</td></tr> <tr> <td>Gross Offering Proceeds</td><td>7,950,000,000</td></tr> </tbody> </table> <p>For further information on the use of proceeds, see Section 7 "Use of Offering Proceeds".</p>	Description	Total (SAR)	Repayment of the loan from the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement through the capitalization of the amounts due to the Founding Shareholders	5,962,500,000	Partial repayment of the Equity Bridge Loans	1,927,500,000	Expected Offering Expenses	60,000,000	Gross Offering Proceeds	7,950,000,000
Description	Total (SAR)										
Repayment of the loan from the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement through the capitalization of the amounts due to the Founding Shareholders	5,962,500,000										
Partial repayment of the Equity Bridge Loans	1,927,500,000										
Expected Offering Expenses	60,000,000										
Gross Offering Proceeds	7,950,000,000										
<p>Material Changes to Information Disclosed in the Most Recent Prospectus</p>	<p>The last prospectus issued by the Company was its initial public offering prospectus, which was issued on 06/12/1428H (corresponding to 16/12/2007G).</p> <p>Material changes to information disclosed in such prospectus is disclosed in the relevant section of this Prospectus. To review a summary of the key material developments, please refer to Section (10.13) "Material Changes to Information Disclosed in the Most Recent Prospectus".</p>										
<p>Nature of the Offer</p>	<p>Capital increase by way of Rights Issue, for the purpose of increasing the share capital of the Company from eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000) to sixteen billion seven hundred ten million Saudi Riyals (SAR 16,710,000,000).</p>										
<p>Company's share capital prior to the Offering</p>	<p>Eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000)</p>										
<p>Total number of shares existing and issued before the Offering</p>	<p>Eight hundred seventy-six million (876,000,000) fully paid ordinary shares</p>										
<p>Nominal Value</p>	<p>Ten Saudi Riyals (SAR 10) per share.</p>										
<p>Total number of New Shares offered</p>	<p>Seven hundred ninety-five million (795,000,000) ordinary shares.</p>										
<p>Percentage of New Shares to the Capital of the Company</p>	<p>The New Shares represent an increase of 90.75% of the Company's share capital.</p>										
<p>Offer Price</p>	<p>Ten Saudi Riyals (SAR 10) per share.</p>										
<p>Total Offering Value</p>	<p>Seven billion nine hundred fifty million Saudi Riyals (SAR 7,950,000,000)</p>										
<p>Capitalization of Amounts Due from the Company to the Founding Shareholders</p>	<p>The Founding Shareholders have each undertaken to subscribe for all of their prorated share of the Offering, being in aggregate five hundred ninety-six million two hundred fifty thousand (596,250,000) New Shares representing 75% of the Offering, by the capitalization of five billion nine hundred sixty-two million five hundred thousand Saudi Riyals (SAR 5,962,500,000) of amounts payable by the Company to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement (for more details, please refer to Section 7.2.1 ("Rabigh 1 Shareholder Loan Agreement") and Section 11.2 ("Commitment from the Founding Shareholders")).</p> <p>According to the commitments presented by the Founding Shareholders, the Founding Shareholders shall be restricted from trading each of their portions of the Rights during the Trading Period. After the Offering Period and Trading period, the Rights of each of the Founding Shareholders will be transferred into shares and deposited into their investment portfolios according to the procedures, noting that the New Shares of the Founding Shareholders will be deposited at the same time as other Shareholders and investors subscribing in the Rights during the Subscription Period or the Rump Offering Period (if applicable).</p>										





Purpose of Capitalizing Amounts Due from the Company to the Founding Shareholders	The capitalization of five billion nine hundred sixty-two million five hundred thousand Saudi Riyals (SAR 5,962,500,000) will reduce the total liabilities of the Company and accrued interest under the Rabigh 1 Shareholder Loan Agreement (for more details, please refer to Section 7.2.1 ("Rabigh 1 Shareholder Loan Agreement") and Section 11.2 ("Commitment from the Founding Shareholders").
Adjusted Price	The Company's share price has been amended on the Exchange to SAR (18.92) per share, before the start of trading on the day following the Extraordinary General Assembly relating to the Capital Increase. This represents a downward automatic price adjustment of SAR (8.08) per share .
Registered Shareholders	The Shareholders who own shares in the Company as at the date of the Extraordinary General Assembly relating to the Capital Increase and who are registered in the Company's shareholder register maintained at Edaa as at the close of trading on the second trading day following the Extraordinary General Assembly relating to the Capital Increase.
New Investors	All individual and institutional investors who purchased Rights during the Trading Period, save as Registered Shareholders.
Targeted Investors	Registered Shareholders and New Investors
Rights	Tradeable securities giving their holders the priority to subscribe for the New Shares upon approval of the Capital Increase. These securities become an acquired right granted to all Registered Shareholders, and may be traded within the Trading Period. Each Right grants its holder the right to subscribe for one New Share at the Offer Price. The Rights will be deposited after the Extraordinary General Assembly relating to the Capital Increase. The Rights will appear in the portfolios of Registered Shareholders under a new symbol that designates these Rights.
New Shares	Seven hundred ninety-five million (795,000,000) ordinary shares issued as a result of the Capital Increase.
Rights Issue Ratio	Each Registered Shareholder is granted 0.907534 Rights for each Current Share held by it on the Eligibility Date. This ratio is the result of dividing the number of New Shares by the number of the Company's Current Shares.
Number of Issued Rights	Seven hundred ninety-five million (795,000,000) Rights.
Number of Underwritten New Shares	One hundred ninety-eight million seven hundred fifty thousand (198,750,000) ordinary shares, representing 25% of the total number of New Shares.
Total Amount Underwritten	One billion nine hundred eighty-seven million five hundred thousand Saudi Riyals (SAR 1,987,500,000), representing 25% of the total value of the Offering.
Underwriters	HSBC Saudi Arabia, SNB Capital, Alinma Investment, AlJazira Capital, GiB Capital, Riyadh Capital, Saudi Fransi Capital and ANB Capital.
Total Number of Issued Shares after Capital Increase	One billion six hundred seventy-one million (1,671,000,000) ordinary shares.
Company's Share Capital After Share Capital Increase	The Company's share capital after the Capital Increase will be sixteen billion seven hundred ten million Saudi Riyals (SAR 16,710,000,000).
Net Offering Proceeds after Deducting the Offering Expenses	The net Offering proceeds are expected to be seven billion eight hundred ninety million Saudi Riyals (SAR 7,890,000,000) after the deduction of the Offering Expenses, which are estimated to be sixty million Saudi Riyals (SAR 60,000,000).
Offering Expenses	The Offering expenses are estimated to be around sixty million Saudi Riyals (SAR 60,000,000). For more information, see Section 7 ("Use of Proceeds").
Eligibility Date	The Shareholders who own shares in the Company as at the date of the Extraordinary General Assembly relating to the Capital Increase and who are registered in the Company's shareholder register at Edaa at the end of the second trading day following the said Extraordinary General Assembly held on 09/11/1443H (corresponding to 08/06/2022G).
Trading Period	Starts on Tuesday, 15/11/1443H (corresponding to 14/06/2022G) and will continue until the end of the day of Tuesday, 22/11/1443H (corresponding to 21/06/2022). During this period, all the Rights holders – whether Registered Shareholders or New Investors – may trade the Rights.





Subscription Period	Starts on Tuesday, 15/11/1443H (corresponding to 14/06/2022G) and will continue until the end of the day of Sunday, 27/11/1443H (corresponding to 26/06/2022G). During this period, all the Rights holders – whether Registered Shareholders or New Investors – may exercise their right to subscribe for the New Shares.
Rump Offering	Rump Shares will be offered to Institutional Investors. The Institutional Investors shall submit their offers for the purchase of the Rump Shares, and such offers shall be received from 10:00 A.M. on Wednesday, 30/11/1443H (corresponding to 29/06/2022G) to 5:00 P.M. on Thursday, 01/12/1443H (corresponding to 30/06/2022G). The Rump Shares will be allocated to Institutional Investors based on the price per Share offered (provided that it shall not be less than the Offer Price) with Shares being allocated on a pro rata basis among those being the Institutional Investors that provided offers at the same price. Fractional Shares will be accumulated and be subject to the same treatment.
Payment of Compensation Amounts (if any)	Cash compensation amounts, if any, will be paid to Eligible Persons who have not taken action during the Trading and Subscription Periods (to subscribe for the New Shares or sell the Rights) as well as to the holders of Fractional Shares, no later than 18/12/1443H (corresponding to 17/07/2022G) (See Section 13 “Offering Terms and Conditions”). The compensation amounts represent the additional proceeds of the sale of Rump Shares and Fractional Shares at a price in excess of Offer Price during the Rump Offering.
Eligible Persons	All holders of Rights who did not dispose their Rights, whether they are Registered Shareholders or New Investors who acquired Rights during the Trading Period.
Listing of/Trading in the Rights Issue	<p>The Rights will be listed on Tadawul and traded during the Trading Period. The Rights shall have a separate symbol independent from that of the Shares on the Exchange’s screen.</p> <p>During the Trading Period, the Registered Shareholders have several options, including the sale of the Rights or any part thereof on the Exchange, the purchase of additional Rights through the Exchange or they may elect not to exercise any of the aforesaid options. New Investors may also, during the Trading Period, buy additional Rights through the Exchange, sell the same or a part thereof, or select not to exercise any of the aforesaid options.</p> <p>Tadawul system will remove the Company’s Rights Issue symbol from the Tadawul screen after the end of the Trading Period in which the Rights trading will end as a result.</p>
Subscription Method	<p>Eligible Persons may exercise their right to subscribe for the New Shares by submitting a subscription request through the brokers’ websites and platforms that provide these services or through any other means provided by the brokers. During the Subscription Period, Eligible Persons may exercise their Rights to subscribe in the New Shares as follows:</p> <ol style="list-style-type: none"> 1- Registered Shareholders shall have the right to immediately subscribe for New Shares during the Subscription Period. If any of such shareholders purchases new Rights, such shareholder may subscribe for the New Shares pursuant to such Rights after the settlement of the transaction related to the purchase of the new Rights (two Business Days from the date of purchasing the rights). 2- New Investors, who purchased Rights during the Trading Period, shall have the right to subscribe in the New Shares after the settlement of the transaction related to the purchase of the new Rights (two Business Days from the date of purchasing the rights). <p>In the event any of the Eligible Persons have not exercised their right to subscribe for New Shares during the Subscription Period, the New Shares associated with such Rights shall be offered in the Rump Offering Period.</p>
Indicative value of the Right	<p>The indicative value of a Right reflects the difference between the market value of a Share during the Trading Period and the Offer Price.</p> <p>Tadawul will calculate and publish the indicative value of a Right during the Trading Period on its website with a five-minute delay. The market information service providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering the orders.</p>
Right Trading Price	The price at which the Right is traded, noting that such price is set through the market bid and offer mechanism; therefore, it may differ from the Indicative Value of the Right.
Allocation Date	New Shares will be allocated no later than 07/12/1443H (corresponding to 06/07/2022G).





Allocation of the New Shares	<p>The New Shares shall be allocated to Eligible Persons based upon the number of Rights that they exercise. The Rump Shares will be allocated to Institutional Investors based on the price per Share offered (provided that it shall not be less than the Offer Price) with Shares being allocated on a pro rata basis among those being the Institutional Investors that provided offers at the same price. Fractional Shares will be accumulated and be subject to the same treatment.</p> <p>The Company shall receive the proceeds of the sale of the Rump Shares and Fractional Shares up to the Offer Price. The proceeds in excess of the Offer Price shall be distributed to Eligible Persons who did not take action during the Trading and Subscription Periods (to subscribe for New Shares or sell the Rights), as well as to the holders of the Fractional Shares. (See Section 13 "Offering Terms and Conditions").</p>
Trading in New Shares	Trading in the New Shares will commence on Tadawul upon the completion of all procedures relating to the admission, allocation and listing of the New Shares.
New Share Dividends	The New Shares shall be entitled to receive any dividends declared by the Company following the issuance of the New Shares.
Voting Rights	The Company shall have only one class of ordinary shares and each of the Shares entitles its holder to one vote. Each Shareholder may attend and vote at the General Assembly Meeting, and no Shareholder has any preferential rights.
Restrictions on Dealings in Shares	Except for the lock-up period applicable to the Founding Shareholders and the general regulatory restrictions on trading of listed shares, all of the Shares are listed on Tadawul and are not subject to any restrictions that limit trading thereof.
Restrictions on Trading in Rights	<p>The Founding Shareholders have each undertaken to subscribe in the Offering in all of their prorated share of the Offering. As such, the Founding Shareholders will be restricted from trading in the Rights allocated to them.</p> <p>Other than the above, there are currently no regulatory restrictions on trading in Rights by any of the Company's Shareholders, except for general regulatory restrictions on trading of listed shares in general.</p>
Previously Listed Shares	As part of the Company's initial public offering on 18/1/1429H (27/1/2008), the Company has listed eight hundred seventy-six million (876,000,000) Shares on the Exchange. (for more details, please refer to Section 4.5.1 " Historical Changes in Capital ").
Risk Factors	There are certain risks relating to investing in the Rights or New Shares, which can be categorized into: (i) risks relating to the Company's operations; (ii) risks relating to the market; and (iii) risks relating to the New Shares. These risks are described in Section 2 (" Risk Factors ") and should be considered carefully prior to making a decision to invest in the New Shares or Rights.
Subscription Terms in the New Shares	Eligible Persons interested in subscribing for New Shares shall fulfill the related subscription conditions. For more information, see Section 13 " Offering Terms and Conditions ".



Note: All information in this Prospectus, including the “Important Notice” section on page (i) and Section 2 (“Risk Factors”) on page (9) of this Prospectus should be considered carefully prior to making any investment decision regarding the New Shares or Rights.

Table (1.1): Key dates for eligible persons

Event	Date
Extraordinary General Assembly approving the capital increase and setting the Eligibility Date and Registered Shareholders	On Wednesday, 09/11/1443H (corresponding to 08/06/2022G) Registered Shareholders are those shareholders who own Shares in the Company as at the date of the Extraordinary General Assembly relating to the Capital Increase and who are registered in the Company's shareholder register maintained at Edaa as at the close of trading on the second trading day following the Extraordinary General Assembly relating to the Capital Increase.
Trading Period	The Trading Period will start on Tuesday, 15/11/1443H (corresponding to 14/06/2022G) and will end on Tuesday, 22/11/1443H (corresponding to 21/06/2022G). During this period, all the Rights holders – whether Registered Shareholders or New Investors – may trade the Rights.
Subscription Period	The Subscription Period will start on Tuesday, 15/11/1443H (corresponding to 14/06/2022G), and will end on Sunday, 27/11/1443H (corresponding to 26/06/2022G). During this period, all the Rights holders – whether Registered Shareholders or New Investors – may exercise their right to subscribe for the New Shares.
Rump Offering Period	From 10:00 A.M. on Wednesday, 15/11/1443H (corresponding to 29/06/2022G) to 5:00 P.M. on Thursday, 01/12/1443H (corresponding to 30/06/2022G)
Notification of Final Allocation	Wednesday, 07/12/1443H (corresponding to 06/07/2022G)
Payment of Compensation Amounts (if any) to the Eligible Persons who have not taken action during the Trading and Subscription Periods (to subscribe for the New Shares or sell the Rights) as well as those entitled to the Fractional Shares	No later than 18/12/1443H (corresponding to 17/07/2022G)
Expected date for the commencement of trading in the New Shares	Trading in the New Shares will commence after all related regulatory procedures have been completed, and will be later announced on the Tadawul website (www.saudiexchange.sa).

Note: Dates set out in the table above and all stated dates are indicative. The actual dates will be announced on Tadawul website (www.tadawul.com.sa).



Table (1.2): Key Announcement Dates

Announcement	Announcing Party	Announcement Date
Announcement of invitation to Extraordinary General Assembly for approving the Capital Increase	The Company	Wednesday, 17/10/1443H (corresponding to 18/05/2022G)
Announcement of results of Extraordinary General Assembly for approving the Capital Increase	The Company	Thursday, 10/11/1443H (corresponding to 09/06/2022G)
Announcement regarding the change in Company's Share Price, Rights' deposit and the Indicative Value of the Right	Tadawul	10/11/1443H (corresponding to 09/06/2022G)
Announcement regarding the deposit of Rights	Edaa	14/11/1443H (corresponding to 13/06/2022G)
Announcement of the determination of the Trading Period and Subscription Period	The Company	Thursday, 10/11/1443H (corresponding to 09/06/2022G)
Announcement regarding the start of the Trading Period and Subscription Period	The Company	Tuesday, 15/11/1443H (corresponding to 14/06/2022G)
Reminder announcement of the last trading day for the Rights and the last trading day for the subscription to the New Shares	The Company	Monday, 21/11/1443H (corresponding to 20/06/2022G)
Announcement regarding subscription results, details of the Rump Offering (if any) and start of the Rump Offering Period	The Company	28/11/1443H (corresponding to 27/06/2022G)
Announcement regarding the results of the Rump Offering and notification of the final allocation	The Company	07/12/1443H (corresponding to 06/07/2022G)
Announcement regarding the deposit of New Shares in the investors' portfolios	Edaa	It is determined according to the arrangements between the issuer and the Securities Depository Center Company ("Edaa")
Announcement regarding distribution of the Compensation Amounts (if any) to Eligible Persons	The Company	18/12/1443H (corresponding to 17/07/2022G)

Note: Dates set out in the table above and all stated dates are indicative. The actual dates will be communicated through announcements appearing on Tadawul's website (www.saudiexchange.com.sa).





How to Apply

Subscription to the Rights is limited to Eligible Persons, whether they are Registered Shareholders or New Investors. Eligible Persons wishing to subscribe for New Shares shall apply for subscription through the investment portfolio in trading platforms and applications that are used for submitting purchase and sale orders or through other media and channels provided by the broker to investors, subject to the following conditions:

- The Eligible Person must have an investment account with one of the brokers providing these services.
- The Eligible Person's information must be up to date, and that no changes have occurred to the Eligible Person's information since its subscription in a recent offering, including by the addition or removal of any of his or her family members, unless such updates were notified to, and approved by, the brokers.

The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the Offering terms or requirements. The subscription application may not be amended or withdrawn after submission, noting that it shall, if submitted, be binding upon the Company and the Eligible Person (For more information, see Section 13 ("**Offering Terms and Conditions**")).



Questions and Answers on Rights Issue Mechanism

What are Rights?

Rights are issued as tradable securities giving their holders the priority to subscribe for the New Shares offered upon approval of the capital increase. These securities become an acquired right for all shareholders who are registered in the Company's shareholder register maintained with Edaa at the end of the second trading day following the Extraordinary General Assembly relating to the Capital Increase. Each Right shall grant its holder eligibility to subscribe for one New Share at the Offer Price.

To whom are Rights granted?

All shareholders who own Shares in the Company at the end of the trading period of the day on which the Extraordinary General Assembly approving the Capital Increase has convened, and who are registered in the Company's shareholder register maintained with Edaa as at the close of the second trading day following the Extraordinary General Assembly, i.e., the Eligibility Date.

When are the Rights deposited?

After the Extraordinary General Assembly's approval of the capital increase through a Rights Issue. The Rights are deposited as securities in the portfolios of the Registered Shareholders who appear in the Company's shareholder register maintained with Edaa at the end of the second trading day following the Extraordinary General Assembly. The Rights will show in the portfolios of the Registered Shareholders under a new symbol for the Rights. These Rights cannot be traded or subscribed for by the Registered Shareholders until the start of the Trading and Subscription Periods.

How are Registered Shareholders notified of the deposit of Rights in their portfolio?

Registered Shareholders will be notified that the Rights have been deposited into their portfolios through an announcement on the Tadawul website, through the Tadawulaty service provided by Edaa and also through SMS messages sent by brokerage companies.

How many Rights will be granted to each Registered Shareholder?

The number of Rights that will be granted to each Registered Shareholder will depend on its ownership percentage in the share capital of the Company as per the Company's shareholder register maintained with Edaa as at the end of the second trading day following the Extraordinary General Assembly relating the Capital Increase. The number of Rights granted to each Registered Shareholder will be determined on the basis of the Rights Issue Ratio.

What is the Rights Issue Ratio?

It is the ratio that can be used by each Registered Shareholder to calculate his/her entitlement to Rights based on ownership of Current Shares that it already owns as per the Company's shareholders register with Edaa as at the Eligibility Date (the end of the second trading day following the EGA at which the capital increase has been approved). This ratio is the result of dividing the number of New Shares by the number of the Company's Current Shares. For example, if the Company's existing shares were one thousand (1,000) shares and the Company increased its capital by offering five hundred (500) new shares (which makes its total shares to be one thousand five hundred (1,500)), then the rights issue ratio will be one right for every two shares.

The Rights Issue Ratio is 0.907534 Rights for every Current Share owned by a Registered Shareholder on the Eligibility Date. As such, if a Registered Shareholder owns one thousand (1,000) Current Shares on the Eligibility Date, such Registered Shareholder will receive (907) Rights, and will be compensated for the any Fractional Shares if the Rump Shares were sold for a price that exceeds the Offer Price.

Will the name and symbol of those Rights trading be different from the name and symbol of Company Shares?

Yes, the deposited Rights will be added to the investors' portfolios under the name of the original share, with the addition of the word "Rights" at the end, and a new symbol for such Rights.

What is the Right's opening market price on the first day of trading?

The opening price of the Right is the difference between the Company's closing share price on the day preceding the day on which the Rights are listed and the Offer Price (indicative value of the Right). For example: If the Company's closing share price is fifteen Saudi Riyals (SAR 15) and the Offer Price is ten Saudi Riyals (SAR 10), the opening price of the Rights will be five Saudi Riyals (SAR 5).

Who is a Registered Shareholder?

Any shareholder who appears in the Company's shareholder register at the end of the second trading day following the Extraordinary General Assembly approving the capital increase.

Can the Registered Shareholders subscribe for additional Shares beyond their allocation of Rights?

Yes, the Registered Shareholders can subscribe for additional Shares by purchasing additional Rights during the Trading Period.

Could a shareholder not receive Rights even if it is entitled to attend the Extraordinary General Assembly and vote on the capital increase by offering Rights?

Yes, the shareholder loses his/her right to receive Rights if the shareholder sold its Shares on the same trading day of the Extraordinary General Assembly or one Business Day prior thereto.

How does the subscription take place?

Subscriptions shall be submitted through the investment portfolio in the trading platforms or through other media and channels used by the brokers to accept purchase and sale orders.

Can Shareholders subscribe more than once through more than one broker?

Yes, they are permitted to do so. However, the number to be subscribed through each broker will depend on the number of Rights in each portfolio at the respective broker. In any event, it should be noted that the number to be subscribed for may not exceed the number of Rights available upon the end of the Trading Period. If the number of New Shares to be subscribed for exceeds the number of available Rights, this will result in the cancellation of the subscription application.

Can an Eligible Person subscribe for New Shares exceeding his/her Rights?

No. An Eligible Person cannot subscribe for New Shares exceeding his/her Rights.

If Shares are owned through more than one investment portfolio, in which portfolio will the Rights be deposited?

The Rights will be deposited in the same portfolio where the Shares are deposited. For example, if a subscriber owns one thousand (1,000) Current Shares, eight hundred (800) Current Shares in his/her portfolio (A) and two hundred (200) Current Shares in his/her portfolio (B), the total Rights to be deposited are (907) in consideration of each share having (0.907534) rights. Thus, (726) Rights will be deposited in Portfolio (A), and (181) Rights will be deposited in Portfolio (B).

If there is any fraction, all of those fractions will be collected, and if they formed one whole figure or more, the proper figure will be added to the portfolio in which the investor owns a bigger number of Rights.

If subscription is made through multiple portfolios, where would the New Shares be deposited?

The New Shares will be deposited in the investment portfolio set out in the first subscription application.

Are share certificate holders allowed to subscribe and trade?

Yes, they are, but they will only be able to trade their Rights and subscribe for the New Shares until after the certificates are deposited in investment portfolios by the brokers or Edaa and after all required documents are submitted.



What happens if the New Shares are subscribed for by a Registered Shareholder who then sells the Rights?

If a Registered Shareholder submits an application to subscribe for the New Shares but then sells all of its Rights and did not purchase Rights equal to the number of New Shares that were subscribed for before the end of the Trading Period, the subscription application will be rejected altogether. If the Registered Shareholder sold part of its Rights, the subscription application will be rejected in part proportionately to the Rights that have been sold by the Registered Shareholder. The Registered Shareholder will be notified thereof and the amount relative to the rejected subscription will be reimbursed to the Registered Shareholder through the relevant bank.

If the investor bought additional Rights, may they trade them again?

Yes, they may sell and buy additional Rights during the Trading Period only.

Is it possible to sell a portion of Rights?

Yes, the investor may sell a portion of Rights and use the remaining portion for subscription.

When can an investor exercise Rights it purchased during the Trading Period?

An investor can exercise Rights after the Rights purchase has settled (two Business Days from the date of purchase), provided that the subscription in the New Shares takes place during the Subscription Period.

Can the Rights owner sell his/her Rights after the expiry of Trading Period?

No, that is not possible. After the expiry of Trading Period, the Rights owner may only exercise his/her Rights to subscribe (or choose not to subscribe) for New Shares pursuant to his/her Rights. In the event that such Rights are not exercised, the relevant investor may be subject to a loss or a reduction in the value of his/her investment portfolio.

What happens to the Rights that are not sold or exercised during the Trading Period and Subscription Period?

If New Shares are not subscribed to during the Subscription Period, the unsubscribed for New Shares (i.e. the Rump Shares) shall be offered to a number of Institutional Investors through the Lead Manager, and the compensation amounts, if any, shall be paid to the Rights owner, after the deduction of the Offer Price. The investor will not obtain any compensation if the Rump Shares are sold during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote for the increase of Issuer's capital by offering Rights?

Shareholders who are registered in the Company's shareholder register at Edaa at the end of trading on the Extraordinary General Assembly day shall have the right to attend the Extraordinary General Assembly and vote on the increase in the Company's share capital by way of rights issue.

When will the share price be amended due to the increase of Issuer's capital through Rights Issue?

The Share price shall be amended by Tadawul before the start of trading on the first trading day following the Extraordinary General Assembly which approved the Capital Increase.

If an investor buys Shares on the day of the Extraordinary General Assembly, will such investor be entitled to Rights?

Yes, the Investor will be registered in the Company's shareholders register after two trading days from the Shares purchase (i.e. at the end of second trading day following the Extraordinary General Assembly meeting), noting that the Rights will be granted to all shareholders who are registered in the Company registers at the end of the second trading day following the Extraordinary General Assembly meeting approving the capital increase. However, such investor will not be entitled to attend or vote during the Extraordinary General Assembly regarding the Capital Increase.



What are the Trading and Subscription Periods?

The trading and subscription periods will start at the same time, but the Trading Period will end on the sixth trading day, while the Subscription Period shall continue to the ninth trading day as stipulated in this Prospectus and the Company's announcements.

Is subscription available on the weekend?

No, it is not available during the weekend.

Can investors other than the shareholders registered subscribe for the Rights?

Yes, upon the completion and settlement of the Rights purchase through the Exchange during the Trading Period, subject to the applicable regulatory restrictions generally imposed on the trading of listed shares.

Will any other fees be included in Rights trading transactions?

Transactions involving the sale and purchase of Rights will be subject to the same commissions that apply to shares, but there will be no minimum for the commission amount.

Further Assistance

If you have any questions, please contact the Company via e-mail: Investor.Relations@petrorabigh.com

For legal reasons, the Company will only be able to provide information contained in this Prospectus. It will not be able to give advice on the merits of the Rights Issue or provide financial, tax, legal or investment advice. For further information on the terms and conditions of the Offering, please refer to Section 13 ("**Offering Terms and Conditions**") and the rest of the information contained in this Prospectus.



Summary of Key Information

This summary is intended to provide a brief overview of the key information contained in this Prospectus. Therefore, this summary does not contain all information that may be of interest to Shareholders and other individual or Institutional Investors. Accordingly, shareholders of the Company, any potential investors and recipients of this Prospectus must read it in full before making any investment decision regarding the Rights or New Shares, and not just rely on the summary of the Prospectus.

Description of the Company

Rabigh Refining and Petrochemical Company is a listed Saudi Arabian joint stock company registered under commercial registration number (4602002161) dated 15/08/1426H (corresponding to 19/09/2005G) issued in Rabigh city, Kingdom of Saudi Arabia, where its head office is located. The Company's current share capital is eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000) divided into eight hundred seventy-six million (876,000,000) fully paid ordinary shares with a nominal value of SAR 10 per share. The Company's registered address is P.O. Box 101, Rabigh 21911, Kingdom of Saudi Arabia.

On 18/1/1429H (corresponding to 27/1/2008G), the Company's shares were listed on Tadawul pursuant to an IPO, where 25% of the Company's share capital was offered to the public via issuance of new shares in the Company.

The objectives of the Company are the development, construction and operation of an integrated petroleum refining and petrochemical complex, including the manufacturing of refined petroleum products, petrochemical products and other hydrocarbon products, which include the following: liquefied petroleum gas, naphtha, gasoline, vacuumed gas oil, treated vacuumed gas oil, diesel, kerosene (jet fuel), fuel oil, hydrogen, nitrogen, petroleum slop, sulfur and sludge, ethylene, propylene, mono ethylene glycol, propylene oxide, benzene, para xylene, cumene, phenol, acetone, isobutylene, methyl tert-butyl, ether, methyl methacrylate, n-butane, heavy aromatics, toluene, mixed xylene, heavy ethylene glycols, raffinates, low density polyethylene, polypropylene homo polymer, polypropylene block copolymer, high density polyethylene wax, poly (methyl methacrylate), ethylene propylene diene monomer rubber, thermo plastic olefins, and nylon 6 (polyamide 6).

The Company owns and operates a world-scale, integrated refining and petrochemical facility located in Rabigh on the west coast of the Kingdom of Saudi Arabia.

The original refinery was commissioned as a basic topping refinery with a crude oil processing capacity of 325k barrels per day, and debottlenecked in 1998 to increase this to 400k barrels per day. In September 2005, Saudi Aramco and Sumitomo Chemical formed an equal joint venture to develop the refinery at Rabigh into a world-scale integrated refinery and petrochemicals complex.

The Petro Rabigh Project was constructed in two phases: the Initial Facilities and the Expansion Facilities. The Initial Facilities, which commenced operations in 2009, expanded the original Rabigh refinery through the development of an integrated refinery and petrochemicals complex based on a HOFCC and an ethane cracker, and constitutes one of the largest integrated complexes of this type ever built at one time. The Initial Facilities are capable of producing 17 mtpa of refined petroleum product and 2.4 mtpa of ethylene and propylene based derivative petrochemical products.

The Expansion Facilities, which commenced construction in 2014, included the addition of an aromatics complex and an expanded cracker facility to process 30 million standard cubic feet per day of ethane feedstock, as well as 3 million tons per year of naphtha stream from the Initial Facilities to produce a broad range of petrochemical products, including specialty chemicals. A key objective of the Expansion Facilities was to create synergies with the existing production facilities, while introducing new specialty chemical products to Saudi Arabia. The Expansion Facilities were a key step towards the development of the downstream plastics industry at the Rabigh industrial site, capable of exporting to global markets. All core processing plants were put into operation, achieving on-spec production, during the first quarter of 2018. The Creditors Reliability Test (CRT) for the Expansion Facilities was successfully completed and the commercial operation of the Expansion Facilities commenced on 31 October 2019G. The financial completion of the Expansion Facilities was achieved on 1 October 2020G in compliance with the requirements of the lenders. The importance of financial completion of the Expansion Facilities lies in affirming the company's ability to fulfill its financial obligations by using its revenues from operations, thereby supporting the company's financial position.

The Petro Rabigh Project is strategic to the Kingdom as it plays a key role in diversifying the economy, creating employment opportunities within an expanding domestic petrochemical sector, attracting further foreign investment and strengthening the relationship between Saudi Arabia and Japan.



Table (1.3): Key historical events

Date	Event
2005	Petro Rabigh was established as a joint venture between Saudi Aramco and Sumitomo Chemical to develop a world class integrated refinery and petrochemical facility, which represents Saudi Aramco's first investment into the petrochemical sector.
2006	Construction of petrochemical plant and upgrade of the existing refinery commences.
2008	IPO of Petro Rabigh on the Exchange and offering of 25% of Company's share capital. The refinery was transferred to the Company from Saudi Aramco.
2009	The petrochemical complex and the refinery upgrade were inaugurated and petrochemical production started, making it the world's largest single-phase integrated refining and petrochemical complex.
2010	Petro Rabigh is awarded the Global Competitiveness Forum Award for being the company with the highest foreign investment in the Kingdom.
2014	Construction commences on Expansion Facilities.
2014	First Polymer export from King Abdullah Port.
2015	The Expansion Facilities are transferred to the Company by the Founding Shareholders following structuring of the financing for the Expansion Facilities
2017	Mechanical completion of the Expansion Facilities.
2017-2018	Expansion Facilities commissioning and start-up.
2019	Completion of the Creditors' Reliability Tests for the Expansion Facilities.
2019	Commencement of Commercial Operations of the Expansion Facilities.
2020	Financial completion of the Expansion Facilities.
2021	Rabigh Plus Tech Park (RPTP) acquired from Saudi Aramco and Rabigh Conversion Industry Management Services Co. (a wholly owned subsidiary of Sumitomo Chemical)
2021	Transfer of the rights and obligations under certain petrochemical products' marketing agreements from Saudi Aramco's affiliates (Aramco Chemicals Company (ACC) and Aramco Trading Singapore Pte. Ltd.(ATS)) to Saudi Basic Industries Corporation (SABIC), Arlanxco Netherlands B.V (ARX) and Aramco Trading Company (ATC).



Capital and Ownership Structure

Historical Changes in Capital

The Company was first established with a share capital of SAR 750,000,000. Since its formation, the Company has undergone a number of share capital restructurings as summarized in the below table:

Table (1.4): Historical Changes in Capital

Date	Type of Restructuring	Share Capital Pre-Restructuring	Share Capital Post-Restructuring	Method of the Capital Restructuring
30/1/2006G	Capital increase in the amount of SAR 1,875,000,000	SAR 750,000,000	SAR 2,625,000,000	Issuance of new shares for cash to the Founding Shareholders
6/2/2007G	Capital increase in the amount of SAR 2,625,000,000	SAR 2,625,000,000	SAR 5,250,000,000	Issuance of new shares for cash to the Founding Shareholders
16/4/2007G	Capital increase in the amount of SAR 1,320,000,000	SAR 5,250,000,000	SAR 6,570,000,000	Issuance of new shares for cash to the Founding Shareholders
27/01/2008G	Capital increase in the amount of SAR 2,190,000,000	SAR 6,570,000,000	SAR 8,760,000,000	Issuance of new shares for public subscription, as part of the Company's IPO

From the date of establishment until the date of the IPO, each Founding Shareholder held 50% of the total issued share capital of the Company. Immediately prior to the IPO, the 50% held by each Founding Shareholder equated to 328,500,000 Shares. In the IPO, an additional 219,000,000 new Shares were issued and offered to the public.

The paid up capital of the Company following the Offering will be sixteen billion seven hundred ten million Saudi Riyals (SAR 16,710,000,000) divided into one billion six hundred seventy-one million (1,671,000,000) shares with a nominal value of SAR 10 per share.

Ownership Structure

The Company's share capital is eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000) divided into eight hundred seventy-six million (876,000,000) ordinary shares with a fully paid nominal value of SAR 10 per share.

Apart from the Founding Shareholders each of which owns (37.5%) of the Current Shares of the Company as at the date of this Prospectus, there are no other Substantial Shareholders in the Company. The below table summarizes the current ownership structure of the Company:

Shareholder	Current Shares	Percentage (%)
Saudi Aramco	328,500,000	37.5%
Sumitomo Chemical	328,500,000	37.5%
Public	219,000,000	25.0%
Total	876,000,000	100%

Company's Mission and Overall Strategy

The Company has recently defined its 'Vision', which has been described as **"Best in class integrated refining and petrochemical company, operating in a sustainable manner"**, which has been approved by the Company's Board of Directors. This vision is supported by a set of key 'Values', namely, Integrity, Excellence, Teamwork, Passion, Citizenship and Accountability. These Values have led to the development of Strategic Objectives built upon the following pillars: Safety, Asset Management, Net Cash Margin, Commercial Excellence, People, Work Environment, Sustainability, Business Competitiveness, and Financials. The direction and guidelines to achieving these strategic objectives are briefly detailed below.



The Company has implemented a number of initiatives to achieve its strategy, which are as follows:

- **Safety:** The Company has set a target to achieve zero safety incidents.
- **Asset Management:** The Company implements a number of initiatives to ensure improvement in mechanical availability.
- **Net Cash Margin:** The Company aims to maximize net cash margin by having a high level of plant availability.
- **Commercial Excellence:** The Company manages all its marketing and offtake agreements to maximize value to the Company.
- **People:** The Company views people as its most important asset, and the retention of high performing talent and employee development is an area of focus for the past many years.
- **Work environment:** Create an engaging work environment by fostering collaboration and rewarding performance culture.
- **Sustainability:** The Company intends to evolve its business into a sustainable business through the strengthening of environmental, social and governance (ESG) aspects.
- **Business Competitiveness:** The Company intends to improve its business competitiveness through a number of actions, including the re-evaluation of the Bottom-of-the-Barrel technical options which is one of the expansion plans that will increase profitability of refinery margin and identifying short and long-term solutions to diesel quality.
- **Financials:** The Company has set a target to achieve a sound financial structure.

The Company's Key Strength and Competitive Advantages

The Company's strengths can be summarized as follows:

- The Company owns and operates a world-scale integrated refining and petrochemicals complex.

Petro Rabigh is one of the world's largest integrated refining and petrochemicals complexes, and also the first in Saudi Arabia. The Petro Rabigh complex provides ample opportunity for further expansion.

The complex's high degree of integration allows for value maximization along the full value chain for both refined products and petrochemicals, and helps to mitigate the volatility of the refined products and petrochemicals industry by placing Petro Rabigh's market exposure further downstream.

- The Company's management has developed extensive operational processes and procedures designed to ensure sustainable and consistent operational performance

A new operational performance optimization system was introduced at the end of 2017, which is expected to have a positive impact on the efficiency, productivity and profitability of Petro Rabigh's operations.

These initiatives have resulted in a consistent operational performance and track-record in the last 18 months where utilization levels have increased in both the refined products segment and in the petrochemical segment.

- Favourable Marketing Arrangements enabling Access to Extensive Marketing and Distribution Networks

Petro Rabigh has agreements with the Founding Shareholders with preferential terms to Petro Rabigh in order to reduce Petro Rabigh's direct exposure to the market and enable it to access broad marketing and distribution networks.

In addition to the Company's special position as one of the pioneering companies in providing refined products to the Kingdom, the agreements entered into with Saudi Aramco provide contractual stability and clarity in vision. The Phase 1 marketing agreements include obligations to purchase products under off-take agreements and specific mechanisms to compensate Petro Rabigh in case purchases are below 90% of the products, which mitigates potential market fluctuations and the financial impact that may result from fluctuations in product purchases (off-take).

Furthermore, the Company is able, based on these arrangements, to sell its products under trademarks associated with Saudi Aramco, ATC, SABIC, ARLANXEO and Sumitomo Chemical which are recognized globally. The Company's products are exported globally in accordance with the marketing strategies that were adopted to target markets that achieve the highest rates of profitability.

- The strategic location of the Company grants it direct access to established supply and export infrastructure

The strategic location of Rabigh on the Red Sea, in the west of Saudi Arabia, allows the Company to leverage the captive refined products demand source in Makkah province as well as the export infrastructure for petrochemical products.

The Company benefits from secure pipeline and port infrastructure, in all cases operated by Saudi Aramco and Petro Rabigh, respectively. Additionally, in the case of any interruptions, the Company has the flexibility to adapt and receive crude oil feedstock by sea through the existing facilities at its marine terminal.

- Unwavering commitment and support by the Founding Shareholders of Petro Rabigh

The Founding Shareholders have demonstrated unwavering support for Petro Rabigh, including continuous alignment on dynamic production planning while providing sustainable supply of feedstock at competitive prices with incentives and continued off-take and placement of both refined and petrochemical products in local and global markets.

In addition, through human capital commitment and established secondment agreements, Petro Rabigh enjoys access to the knowledge and experience of the world's largest integrated energy enterprise and the technological capabilities of one of the most innovative and diverse chemical companies.

- Competitive cost and cash positioning relative to global petrochemicals producers

The primary feedstock to Petro Rabigh's cracker is ethane, which is allocated on a long-term basis at domestic regulated prices, which remain among the lowest by global standards. This allows the Company to operate at a significant cash cost competitiveness over international petrochemicals competitors, making it among the lowest-cost ethylene producers globally.

Another significant cash cost advantage of the Company is its working capital cycle. The Company collects payment for the product it sells in fewer days than it is required to pay its suppliers for the feedstock it uses. This working capital structure helps the Company to manage its cash liquidity and constitutes a protective short term buffer against variations in crude prices.

The Company launched the Shareholder Value Improvement Program in 2021G, which has already contributed over (USD 82,000,000) (equivalent to SAR 307,500,000) in value directly to the net profits of the Company as at 31 December 2021G, through the implementation of approximately 45 initiatives aimed at generating additional revenue and/or cost reduction. During the period from 2022 – 2024, the Company is expecting to implement another 125 initiatives to ultimately create additional value for the Company.

- Strategic role in supply of refined and petrochemical products to the Kingdom

Since the establishment of the Rabigh refinery, the facility has played a strategic role in the supply of refined products in the Western region of Saudi Arabia. The refinery configuration and product slate were designed to address the demand in the local market. Petro Rabigh is strategically located in the Western region of Saudi Arabia near the high demand hubs of Jeddah and Makkah, having therefore a captive market which reduces the volume risk, enabling the Company to continue to operate with industry-leading utilization rates.

In addition to its strategic position in refined products, the Company also plays a significant role in the development of the petrochemicals industry in the Kingdom, as the second largest producer of petrochemicals in the domestic market, which places the Company at the heart of the Kingdom's strategy for the petrochemicals sector.



Overview of the Market

Macroeconomic

Following a slowdown in global economic growth over 2018-2019, the global economy contracted with unprecedented severity in 2020 as the COVID pandemic spread. While global GDP dropped by 3.6 percent, most of the damage was taken in the first part of 2020, and there was a strong recovery in most regions by the latter part of the year.

The effects of COVID containment measures had a rapid and profound effect on demand for transportation fuels, leading to a collapse in crude oil prices, and the accompanying economic impact on energy exporting nations. While the world moves cautiously towards short-term recovery – in terms of both economic growth and oil consumption – the refined products market faces an increasingly uncertain long-term outlook. Oil demand will be affected by a combination of significant technological advancements in the areas of energy efficiency, vehicle fuel efficiency, electric vehicles and alternative fuels/renewable energy, government policies, and environmental regulations. How these various, interlinked influences evolve could significantly alter the outlook for refined product supply/demand, and refinery margins and investments.

COVID initially saw demand for petrochemicals negatively affected in segments such as construction and particularly in the automotive sector, but has been very strong in food packaging which directly benefitted from the enforced closure of restaurants and rapid adoption of online delivery services etc. Polyolefins were much more resilient than GDP in 2020, with pricing proving very strong in Western markets in 2021 as sources of competitive spot supply from Asia have been unable to penetrate the market due to logistic constraints impacting deep sea trade.

Oil markets

With demand stalling abruptly across the globe, prices for all refined products dropped precipitately in the first half of 2020, and this decline was exacerbated by sudden crude price drops resulting from the apparent dissolution of the OPEC+ alliance that had held OPEC and Russian crude supply policy together previously. Brent crude prices bottomed out in April 2020 at under US\$20 per barrel, while WTI crude prices temporarily fell into negative territory, as dwindling spare storage capacity briefly pushed U.S. producers into paying consumers to take their output. The Saudi-Russia dispute was resolved in April, resulting in OPEC+ committing to very significant production cuts, amounting to around ten percent of global output. The producer grouping was cautious about easing these cuts through the remainder of 2020, in order not to derail nascent economic recovery. Nevertheless, as some economies, notably in Asia, emerged from the first wave of the pandemic, the OPEC+ supply restrictions supported a recovery in crude and product prices through the second half of 2020. From around US\$18 per barrel in April, Brent crude finished 2020 at almost US\$50 per barrel.

2021 has seen crude and product prices continuing to rise steadily, with Brent reaching some US\$75 per barrel in July, and reaching over US\$80 per barrel in October. This sustained upward trend has been driven by ongoing post-pandemic economic recovery in many regions, combined with continued short supply. OPEC+ gradually eased its production cuts through the year; in July 2021, the grouping agreed to increase supply by 400 thousand barrels per day each month through to February 2022, and by 432 thousand barrels per day each month thereafter until the April 2020 cuts have been reversed. However, with ongoing economic recovery, hurricane-related disruption to U.S. production, and a severe spike in gas prices that has encouraged switching from gas to oil for power generation, demand has increasingly outpaced supply.



Refined products

Demand

The impact of the pandemic on the refined product market will be felt for some time. Naphtha, road diesel and fuel oil have tended to be least affected by mobility restrictions, with petrochemical production holding up, and the transportation and delivery of goods continuing throughout (although hitting logistic constraints due to port closures caused by COVID outbreaks in China, and backlogs for delivery to the US market due to port congestion). Gasoline demand was strongly impacted by lockdown measures but has also tended to rebound strongly wherever such restrictions are eased. The market for new vehicles continues to develop, with electric vehicles, in particular Tesla, seeing relatively strong sales during the period. In the longer term increased electric vehicle penetration will impact on gasoline demand in those markets with the infrastructure for widespread electric vehicles use. Air travel has been more deeply affected, and will take longer to recover than other products, with a consequent slow and prolonged recovery in jet fuel demand that may not regain previous growth trends in the medium term.

Global oil demand growth is expected to recover, driven by healthy gasoline demand in developing regions such as Asia and the Middle East, strong distillate demand due to the International Maritime Organization's (IMO) bunker fuel regulations, and strong LPG and naphtha demand as petrochemicals feedstock due to growth in global polymer consumption. Longer-term, however, a combination of significant technological advancements in the areas of energy efficiency, vehicle fuel efficiency, electric vehicles and alternative fuels/renewable energy, government policies, and environmental regulations are expected to result in global oil demand peaking and then declining.

Supply

Asia and the Middle East have dominated refinery capacity additions in the last five years and will see the lion's share of new addition in the near-term outlook, although the prospects for large-scale integrated refinery-petrochemical complexes are likely reduced from that anticipated earlier.

Smaller investments remain possible in Eastern Europe, United States as well as at least one large project in Africa. Some regions will also see closure of small, simple, uncompetitive refineries, with this potential increased as bio-feedstocks are exploited in select locations to demonstrate the potential of renewable feedstocks for fuels production.

Pricing

Historically, refining margins in global markets have broadly tracked each other, since crude oil and refined products are heavily traded and the low cost of bulk liquid cargo freight helps maintain close convergence in regional prices. Divergence of margins between regions has occurred as a response to changes to the regional supply/demand balance and shifts in relative refining costs across regions.

Most recently, variations in the pace and schedule of economic recovery from successive waves of the COVID pandemic have led to some divergence between regions. However, such divergence has generally been small in comparison to the commonly experienced impact of the pandemic, which sent margins across the board into negative territory in 2020 and continued to exert negative pressure in some regions through 2021.

Petrochemicals

Ethylene derivatives

HDPE, LLDPE, LDPE and EVA, collectively termed polyethylene, have major applications in a range of consumer and industrial sectors. Despite the impact of COVID, the global market of ethylene derivatives has continued to grow. The resilience of the ethylene derivatives business has been demonstrated by its use in consumer and medical packaging, as well as personal protective equipment that has been essential to the pandemic response. Automotive output and construction activities have recovered where economies have been able to reopen. Longer term pressure remains in place on consumer packaging and disposable items, and demand in these sectors will decline as replacements are found that can meet performance and price requirements, but in the short term even these sectors are benefiting from the higher levels of hygiene required as a result of COVID.



Asia is the major importer of ethylene derivatives with imports to the region expected to continue to import for the forecast period despite the significant capacity increase underway in that region. The Middle East is projected to remain the major exporter of all ethylene derivatives. North American exports are forecast to increase in the medium term, following capacity additions in the region. Europe will remain a net importer through the forecast period.

Key factors influencing ethylene derivatives pricing include the ethylene market benchmark as well as the supply/demand dynamics in derivatives markets. Ethylene costs typically account for the bulk of derivatives production costs. Underlying ethylene prices usually see strong impact from crude oil prices. Western markets however have seen very strong pricing during 2021, with many polymers seeing record pricing levels despite underlying crude oil remaining at levels lower than seen a decade ago. Such periods of high pricing will be repeated while the global logistics system is impacted by COVID, as these constraints prevent the easy movement of competitive spot material, which would normally cause large price differences to close.

Propylene derivatives

Propylene derivatives within Petro Rabigh's product portfolio include polypropylene ("PP"), propylene oxide ("PO"), ethylene propylene diene monomer ("EPDM") and thermoplastic olefin ("TPO"). Globally, demand growth for these propylene derivatives is forecast to remain above GDP growth on average over the next decade. Asia is expected to remain the key driver of global demand growth for these products.

With a few exceptions, new PP plants are typically integrated with new propylene investments. Propylene remains primarily sourced as a co-product from steam crackers and oil refineries, although on-purpose processes (e.g., propane dehydrogenation and methanol-to-olefins) are expected to represent an important source of incremental propylene supply. Firm capacity additions for propylene derivatives will be largely concentrated in Asia, primarily China, due to the wave of new feedstock supplies in that market and increases in domestic consumption. Capacity additions in other Asian countries, North America and the Middle East are also forecast to accelerate.

In general, propylene derivatives production costs are strongly impacted by propylene costs, which themselves are impacted by crude oil prices. Hence, derivatives pricing is strongly influenced by propylene market benchmark prices and derivatives supply/demand dynamics. Asian polymer prices have been significantly lower than those in Western markets in 2021 due to disruptions to trade flows between the regions. Prices in Asia and Western markets are expected to reconnect to more normal regional price spreads as these logistic issues dissipate.

Logistic constraints can equally impact Asian markets for products where significant net import is required, and Asian market prices for PO increased to set the ceiling to global prices during 2021 for this reason. Typical regional prices may not be restored until the disruptive influence of the COVID pandemic abates.

Aromatics and derivatives

Aromatics and derivatives produced by Petro Rabigh include benzene, para-xylene (PX), cumene, phenol and acetone, with PX representing the major product in terms of volume. The aromatics sector has been less impacted by logistic constraints as aromatics and most immediate derivatives move by chemical tanker rather than on a container ship. The standout however has been benzene, with West Europe seeing very strong pricing through the benzene chain as the normal global sources of supply failed to satisfy the normal import requirement in the region.

Price movements for benzene, PX, phenol and acetone are all heavily influenced by raw material costs – themselves impacted by crude oil prices – as well as product supply/demand dynamics. Market prices of benzene and PX are generally very similar across regions, while for phenol and acetones they can vary owing to more complex logistic requirements. For benzene even the regular and well-established pricing relationships have been disrupted during the worst periods of lockdown.

Other derivatives

MMA

- Global demand growth rates are projected at close to GDP growth rates, driven by the Asian market
- PMMA profitability is projected to improve during the next few years due modest capacity builds in the near term.

Nylon 6

- The major types of Nylon include Nylon 6 and Nylon 6,6. Globally, the market size and demand growth volumes are larger for Nylon 6 than Nylon 6,6
- Global demand growth is forecast due to increasing product demand from engineering plastics, textile and electrical and electronics, and automatic applications. Meanwhile textile applications are now able to grow as those sectors under threat from polyester are already substituted.

Nylon 6 profitability has improved particularly where logistic issues have affected the movement of spot material.

Summary of Financial Information

The following summary of historical financial information for the Period Under Review has been derived from:

- The audited financial statements for the year ended on 31 December 2018G;
- The audited financial statements for the year ended on 31 December 2019G;
- The audited financial statements for the year ended on 31 December 2020G;
- The unaudited condensed interim financial statements for the period ended on 30 September 2020G; and
- The unaudited condensed interim financial statements for the period ended on 30 September 2021G.

The financial information as at and for the years ended 31 December 2018G, 31 December 2019G and 31 December 2020G included in this Prospectus has been derived without material adjustment from the audited financial statements for the years ended 31 December 2018G, 31 December 2019G and 31 December 2020G. The financial information as at and for the nine-month periods ended 30 September 2020G and 30 September 2021G included in this Prospectus has been derived without material adjustment from the unaudited condensed interim financial statements for the nine-month periods ended 30 September 2020G and 30 September 2021G.

Prospective subscribers should read the following summary of financial information together with the information in Section 2 "Risk Factors", Section 4 "Background about the Company and Nature of its Business" of this Prospectus and the Financial Statements, and Section 6 "Financial Information and Management Discussion and Analysis".





Selected Financial Information and Operational Metrics

The following table shows the Company's selected data derived from the statements of profit and loss, statements of financial position, statements of cash flow, and operational metrics for the financial years ended on 31 December 2018G, 2019G and 2020G and the periods ended on 30 September 2020G and 2021G, respectively:

SAR in millions	2018G	2019G	2020G	YTD - 30 September 2020G	YTD - 30 September 2021G
Selected profit and loss items					
Sales	40,998	34,062	21,870	13,820	32,522
Cost of sales	(38,683)	(32,344)	(22,773)	(15,525)	(28,933)
Gross profit (loss)	2,315	1,718	(903)	(1,705)	3,589
Operating profit (loss)	1,016	440	(2,436)	(2,765)	2,452
Profit (loss) before Zakat and income tax	853	(318)	(3,739)	(3,824)	1,765
Total comprehensive income (loss)	657	(603)	(3,838)	(3,842)	1,588
Selected financial position items					
Current assets	14,636	11,520	9,506	9,346	14,185
Non-current assets	49,458	62,509	61,187	62,009	58,523
Total assets	64,094	74,029	70,693	71,355	72,708
Current liabilities	24,890	27,946	20,185	20,331	21,923
Non-current liabilities	28,662	36,042	44,305	44,824	42,982
Total liabilities	53,552	63,988	64,490	65,155	64,905
Total equity	10,542	10,041	6,203	6,200	7,803
Total liabilities and equity	64,094	74,029	70,693	71,355	72,708
Selected cash flow items					
Net cash from operating activities	3,943	1,829	944	5,916	3,583
Net cash used in investing activities	(3,325)	(1,815)	(2,336)	(2,176)	(269)
Net cash from (used in) financing activities	(512)	(961)	2,092	(2,869)	(3,269)
Net change in cash and cash equivalent	106	(947)	700	871	45
Operational metrics					
Throughput per annum (bbl in 000s)	140,705	135,610	99,983	65,970	97,042
Avg. daily throughput (bbl in 000s)	385	372	298	271	355
Capacity utilization	96%	93%	68%	68%	89%
Refined products volumes sold (bbl in 000s)	112,137	100,991	78,037	50,916	76,041
Petrochemical products volumes sold (MT in 000s)	2,269	2,569	3,051	2,006	3,183
Refinery avg. crack spread (SAR per bbl)	9	3	(zero)	(1)	(1)
Refinery avg. crack spread (USD per bbl)	3	1	(zero)	(zero)	(zero)
Refined products avg. selling price (SAR per bbl)	276	255	167	168	259
Petrochemical products avg. selling price (SAR per MT)	4,209	3,186	2,838	2,623	4,039





Table of Contents

1. DEFINITIONS AND TERMS

1

2. RISK FACTORS

9

2.1	Risks Relating to the Company	9
2.1.1	Risks Relating to Effective Control by Founding Shareholders.....	9
2.1.2	Risks Relating to the Reliance on the Founding Shareholders	9
2.1.3	Risks Relating to Reliance on Founding Shareholders' Expertise and Personnel	10
2.1.4	Risks Relating to Feedstock Supply Affecting the Company	10
2.1.5	Risks Relating to Lifting and Marketing Agreements	11
2.1.6	Risks Relating to Material Agreements	11
2.1.7	Risks Relating to Third Party Utility Supply	12
2.1.8	Risks Relating to Feedstock Infrastructure	12
2.1.9	Risks Relating to Licenses and Approvals.....	12
2.1.10	Risks Relating to Saudization and Other Labor Issues.....	13
2.1.11	Risks Relating to Technology and Cybersecurity.....	13
2.1.12	Risks Relating to the Company's Inability to Keep Pace with Technical Developments.....	14
2.1.13	Risks Relating to Intellectual Property and Trademarks.....	14
2.1.14	Risks Relating to Leases and not Owning the Lands on which the Company's Facilities are Located.....	14
2.1.15	Risks Relating to Zakat and Tax.....	15
2.1.16	Risks Relating to RAWEC.....	15
2.1.17	Risks Relating to Litigation and Disputes.....	15
2.1.18	Risks Relating to Regulatory Investigations and Penalties	16
2.1.19	Risks Relating to Compliance with the CMA Rules.....	16
2.1.20	Risks Relating to Implementing the Company's Strategy	16
2.1.21	Risks Relating to Debt Repayment	17
2.1.22	Risks Relating to Revenues Concentration.....	17
2.1.23	Risks Relating to the Company's Accumulated Losses.....	18
2.1.24	Risks Relating to Misconduct and Errors by Employees.....	19
2.1.25	Risks Relating to Insurance Coverage	19
2.1.26	Risks Relating to Related Party Transactions	19
2.1.27	Risks Relating to Conflict of Interest by Directors	20
2.1.28	Risks Relating to Competition by the Directors and Employees	20
2.1.29	Risks Relating to Liquidity.....	21
2.1.30	Risks Relating to Credit and Collection	21
2.1.31	Risks Relating to Product Quality	21
2.2	Risks Relating to the Market.....	22
2.2.1	Risks Relating to Feedstock Supply and Pricing.....	22
2.2.2	Risks Relating to Competition	22
2.2.3	Risks Relating to Product Prices.....	23



2.2.4	Risks Relating to Utilities Supply and Prices	23
2.2.5	Risks Relating to the Saudi Arabian and Global Economy	23
2.2.6	Risks Relating to the COVID-19 Pandemic	24
2.2.7	Risks Relating to Political Instability and Social Instability	25
2.2.8	Risks Relating to Terrorism and Armed Conflict	25
2.2.9	Risk Relating to Environmental Laws and Regulations	26
2.2.10	Risks Relating to Health, Safety and Security Standards and Measures	27
2.2.11	Risks Relating to Macroeconomic Factors and Currencies	27
2.2.12	Risks Relating to Regulators' Supervision	27
2.2.13	Risks Relating to Changes in Laws and Regulations	28
2.2.14	Risks Relating to Continuous Reporting	28
2.2.15	Risks Relating to Changes in Interest Rates	28
2.2.16	Risks Relating to Enforcement of Foreign Judgments and Arbitral Awards and International Disputes	29
2.2.17	Risks Relating to Competition Law and Antitrust Restrictions	29
2.2.18	Risks Relating to Maintenance Outage, Equipment Failure and Dysfunction and Facilities Shutdown	29
2.2.19	Risks Relating to Government Incentives to Industrial Projects	30
2.3	Risks Relating to the Rights and the Shares	31
2.3.1	Risks Relating to Potential Fluctuation in the Share Price	31
2.3.2	Risks Relating to Potential Fluctuations in the Price of the Rights	31
2.3.3	Risks Relating for Forward-looking Statements	31
2.3.4	Risks Relating to Trading and Speculation Relating to the Rights	31
2.3.5	Risks Relating to Lack of Demand for the Company's Shares	32
2.3.6	Risks Relating to Dilution	32
2.3.7	Risks Relating to Failure to Exercise the Rights in a Timely Manner	32
2.3.8	Risks Relating to Offering of New Shares in the Future	32
2.3.9	Risks Relating to Dividends	32
2.3.10	Risks Relating to Awareness of Rights Trading and Exercise	32

3. MARKET OVERVIEW

33

3.1	Macroeconomics Overview	33
3.2	Crude Oil Market Dynamics	35
3.3	Relevant Saudi Arabian Regulatory Developments	36
3.4	Introduction to the Refining and Petrochemical Sectors	36
3.5	Overview of the Refining Sector	38
3.5.1	Key Global and Domestic Drivers	38
3.5.2	Refined Products Demand and Supply	40
3.5.3	Refined Products Pricing	42
3.5.4	Petro Rabigh Competitive Position	43
3.6	Overview of the Petrochemical Sector	44
3.6.1	Key Global and Domestic Demand Drivers	44
3.6.2	Ethylene Derivatives	46
3.6.3	Propylene Derivatives	48
3.6.4	Aromatics and Derivatives	50



3.6.5	Other Derivatives.....	52
-------	------------------------	----

4. BACKGROUND ABOUT THE COMPANY AND THE NATURE OF ITS BUSINESS 54

4.1	Overview	54
4.2	Company's Competitive Advantages and Strengths.....	55
4.2.1	World-scale Integrated Refining & Petrochemicals Complex with Expanding Portfolio of Value-Add Chemical Products	55
4.2.2	Direct Access to Established Fuel and Export Infrastructure	56
4.2.3	Favourable Marketing Arrangements enabling Access to Extensive Marketing and Distribution Networks	56
4.2.4	Unwavering Commitment and Support by the Founding Shareholders for Petro Rabigh	59
4.2.5	Extensive Operational Processes and Procedures Designed to Ensure Sustainable and Consistent Operational Performance	60
4.2.6	Competitive Cost and Cash Positioning Relative to Global Petrochemicals Producers.....	60
4.2.7	Strategic Role in Supply of Refined and Petrochemical Products in the Kingdom.....	60
4.3	Strategy	61
4.3.1	Safety	61
4.3.2	Asset Management	61
4.3.3	Net Cash Margin	62
4.3.4	Commercial Excellence	62
4.3.5	People	62
4.3.6	Work Environment	62
4.3.7	Sustainability	63
4.3.8	Business Competitiveness	63
4.3.9	Achieve a Sound Financial Structure.....	63
4.4	Subsidiaries	63
4.5	Capital and Ownership Structure	63
4.5.1	Historical Changes in Capital.....	63
4.5.2	Ownership Structure	64
4.5.3	Founding Shareholders.....	64
4.6	Facilities and Operations Overview	66
4.6.1	Feedstock Supply.....	66
4.6.2	Marine Terminal	67
4.6.3	IWSPP	67
4.7	Company Business Activities	68
4.7.1	Production Feedstock Supply	68
4.7.2	Production Processes.....	69
4.7.3	Product Descriptions.....	70
4.8	Sales and Marketing	73
4.8.1	Refined Products	73
4.8.2	Petrochemical Products	74
4.9	Expansion Plans	74
4.10	Rabigh PlusTech Park	75
4.11	ISO Certification	75



4.12	Health, Safety Security and Environment	75
4.12.1	Safety	75
4.12.2	Security	76
4.12.3	Cybersecurity	76
4.12.4	Environment.....	76
4.13	Corporate Social Responsibility.....	77

5. MANAGEMENT AND GOVERNANCE OF THE COMPANY 78

5.1	Management Structure	78
5.2	Board of Directors	79
5.3	Board Committees	79
5.3.1	Executive Committee	80
5.3.2	Audit Committee.....	80
5.3.3	Nomination and Remuneration Committee	81
5.3.4	Marketing Steering Committee	82
5.3.5	Risk Management Committee.....	82
5.4	Senior Management.....	83
5.5	Remuneration and Benefits of the Board Members and Senior Management	84
5.6	Employees	84
5.6.1	Company Employees and Saudization Rate	84
5.6.2	Secondment Agreements with the Founding Shareholders.....	84
5.6.3	Investments Made for the Benefit of Employees of the Company	85

6. FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS 86

6.1	Introduction.....	86
6.2	Directors' Declaration for Financial Statements	86
6.3	Summary of Significant Accounting Policies	87
6.4	Significant Estimates and Judgments	96
6.5	Key Financial Reporting Events.....	97
6.5.1	Standards, interpretations, and amendments issued but not yet effective	97
6.5.2	Zakat and Tax.....	98
6.6	Principal Factors Affecting the Company's Financial Results.....	98
6.7	Financial results	99
6.7.1	Income statement.....	99
6.7.2	Balance sheet	114
6.7.3	Cash flow statements	134
6.7.4	Financing structure	137

7. USE OF PROCEEDS 138

7.1	Net Offering Proceeds.....	138
7.2	Use of Offering Proceeds	138
7.2.1	Rabigh 1 Shareholder Loan Agreement.....	138
7.2.2	The Equity Bridge Loans.....	138



7.2.3	Impact on the Capital Structure	139
-------	---------------------------------------	-----

8. STATEMENTS BY EXPERTS 140

9. DECLARATIONS OF THE DIRECTORS 141

10. LEGAL INFORMATION 142

10.1	Government Licenses and Permits	142
10.2	Facility Agreements - Summary	143
10.2.1	Phase I and Phase II Financing Facilities	143
10.2.2	Loan from SIDF.....	143
10.2.3	Working Capital Facilities (WCF) and Overdraft Facility from Local Banks	143
10.2.4	Loans and Facilities from Founding Shareholders and their Affiliates	143
10.2.5	Letters of Credit	144
10.2.6	Loan to RAWEC	144
10.2.7	Summary of Facilities	144
10.2.8	Facilities that have been fully repaid	145
10.3	Facility Agreements	146
10.3.1	Phase II Financing Facilities JBIC Agreement	146
10.3.2	Phase II Financing Facilities Commercial Bank Facility Agreement.....	147
10.3.3	Phase II Financing Facilities PIF Facility Agreement	148
10.3.4	Phase II Financing Facilities Dollar Procurement Agreement.....	148
10.3.5	Common Terms Agreement and Intercreditor Agreement.....	149
10.3.6	Hard Equity Condition (HEC) Amendment and Restatement Agreement.....	149
10.3.7	Saudi Aramco Rabigh 2 Debt Service Undertaking.....	149
10.3.8	Sumitomo Chemical Rabigh 2 Debt Service Undertaking.....	150
10.3.9	Amended and Restated Sumitomo Chemical Equity Bridge Loan Agreement.....	150
10.3.10	Amended and Restated Saudi Aramco Equity Bridge Loan Agreement.....	151
10.3.11	SIDF Loan Agreement	152
10.3.12	Riyad Bank WCF Credit Facilities Agreement.....	152
10.3.13	Riyad Bank Overdraft Facility Agreement	153
10.3.14	SNB WCF Credit Facilities Agreement.....	154
10.3.15	Amendment Agreement of SNB WCF Credit Facilities Agreement.....	154
10.3.16	Extension Letters in relation to SNB WCF Credit Facilities Agreement	154
10.3.17	Rabigh 1 Shareholder Loan Agreement.....	155
10.3.18	USD 750,000,000 Saudi Aramco Shareholder Revolving Loan Agreement.....	155
10.3.19	USD 500,000,000 Saudi Aramco Shareholder Revolving Loan Agreement.....	156
10.3.20	USD 750,000,000 Sumika Finance Co. Ltd. Shareholder Revolving Loan (Sumika Finance Co. Ltd. as lender).....	157
10.3.21	Guarantee Standby Letter of Credit from Banque Saudi Fransi to Citibank N.A.....	157
10.3.22	Guarantee Standby Letter of Credit from Riyad Bank to Citibank N.A.....	158
10.4	Material Agreements.....	158
10.4.1	Agreements with Related Parties.....	158
10.4.2	Material Third Party Supply Agreements	163



10.4.3	Refined Products Offtake Agreements and Lifting and Marketing Agreements.....	165
10.4.4	Lifting and Marketing Agreements for Petro Rabigh Petrochemical Products.....	166
10.4.5	Domestic Distribution Agreement.....	169
10.4.6	Water and Energy Conversion Agreement.....	169
10.4.7	Services Agreements.....	170
10.4.8	Technology and Licensing	170
10.4.9	Information Technology and Software Agreements	170
10.4.10	Lease Agreements	170
10.5	Rabigh PlusTech Park Acquisition	172
10.5.1	Rabigh PlusTech Park Land Lease Agreement with Saudi Aramco.....	172
10.5.2	Rabigh PlusTech Park Asset Transfer Agreement and Lease Agreement with Saudi Aramco.....	172
10.5.3	Rabigh PlusTech Park Asset Transfer Agreement with RCIMS	172
10.5.4	Lease Agreements with Tenants	172
10.6	Other material agreements.....	172
10.6.1	Rabigh Complex Project Asset Transfer Agreement	172
10.6.2	Environmental Liability Indemnification Agreement (ELIA)	172
10.7	Disputes	173
10.7.1	Unenforced Judgements in Favour of the Company	173
10.7.2	Ongoing payment for settlements amounts.....	173
10.8	Penalties	174
10.8.1	Penalty by the General Authority of Meteorology and Environmental Protection	174
10.8.2	Penalties by the ZATCA.....	174
10.9	Insurance.....	174
10.10	Trademarks	175
10.11	The continuing obligations according to the requirements imposed by government agencies on the company as the license holder	180
10.11.1	Continuing obligations according to the requirements of the Ministry of Commerce	180
10.11.2	Continuing obligations according to the requirements of the Zakat, Tax and Customs Authority	181
10.11.3	Continuing obligations according to the requirements of the Ministry of Human Resources and Social Development.....	181
10.11.4	Continuing obligations according to the requirements of the General Organization for Social Insurance (GOSI)	181
10.11.5	Continuing obligations according to the requirements of the Ministry of Investment.....	181
10.11.6	Continuing obligations according to the requirements of the Ministry of Industry and Mineral Resources.....	181
10.11.7	Continuing obligations according to the requirements of the Saudi Authority for Industrial Cities and Technology Zones (MODON)	182
10.11.8	Continuing obligations according to the requirements of the Capital Market Authority.....	182
10.12	Company's Zakat and tax position	182
10.13	Material Changes to Information Disclosed in the Most Recent Prospectus.....	183

11. UNDERWRITING

184

11.1	Summary of Underwriting Agreement.....	184
11.2	Commitment from Founding Shareholders	184

12. WAIVERS

186



13. OFFERING TERMS AND CONDITIONS	187
13.1 Offering.....	187
13.2 How to subscribe in the New Shares.....	187
13.3 The Subscription Application.....	187
13.4 Trading, Subscription and Rump Offering Period.....	188
13.5 The Subscription of Founding Shareholders	189
13.6 Eligible Persons not Participating in the Subscription for the New Shares.....	189
13.7 Allocation	190
13.8 Compensation Payment.....	190
13.9 Supplementary Prospectus.....	190
13.10 Circumstances where the Offering may be Suspended or Cancelled	190
13.11 Approvals and Decisions Under Which the New Shares are Offered	190
13.12 Restriction on Trading in Rights	190
13.13 Questions and Answers on Rights Issue Mechanism.....	191
13.14 Trading in New Shares	194
13.15 Miscellaneous Terms.....	194
14. PRICE DILUTION AS A RESULT OF THE INCREASE IN SHARE CAPITAL	195
15. SUBSCRIPTION DECLARATIONS	196
15.1 Subscription Application and Undertakings.....	196
15.2 Allocation Process	196
15.3 The Saudi Stock Exchange	197
15.4 Trading of the Company's Shares on the Saudi Stock Exchange.....	197
16. DOCUMENTS AVAILABLE FOR INSPECTION	198



List of Tables

Table (1.1):	Key dates for eligible persons	xiv
Table (1.2):	Key Announcement Dates	xv
Table (1.3):	Key historical events	xxii
Table (1.4):	Historical Changes in Capital	xxiii
Table (3.1):	Ranking of Petro Rabigh Refining Assets versus other Saudi Arabian Refineries.....	44
Table (4.1):	Key historical events	55
Table (4.2):	Petro Rabigh Units.....	69
Table (4.3):	Facilities Product Slate	70
Table (4.4):	: Refined Products - Sales (bbl in 000s)	74
Table (4.5):	Petrochemical Products - Sales (via marketing arrangements) (MT)	74
Table (5.1):	Board of Directors.....	79
Table (5.2):	Executive Committee's Members	80
Table (5.3):	Audit Committee's Members.....	81
Table (5.4):	Nomination and Remuneration Committee Members	81
Table (5.5):	Marketing Steering Committee Members.....	82
Table (5.6):	Risk Management Committee Members.....	83
Table (5.7):	Members of Senior Management Team.....	83
Table (5.8):	Board Members and Senior Management Remuneration (in SAR '000').....	84
Table (5.9):	Breakdown of Company Employees by Department	84
Table (6.1):	Income statement for the years ended 31 December 2018G, 2019G and 2020G	99
Table (6.2):	Key performance indicators and operational metrics for the years ended 31 December 2018G, 2019G and 2020G and the periods ended 30 September 2020G and 2021G.	100
Table (6.3):	Income statements for the nine-month periods ended 30 September 2020G and 30 September 2021G	103
Table (6.4):	Sales by segment for the years ended 31 December 2018G, 2019G and 2020G	104
Table (6.5):	Sales by segment for the nine-month periods ended 30 September 2020G and 2021G	105
Table (6.6):	Cost of sales for the years ended 31 December 2018G, 2019G and 2020G	106
Table (6.7):	Cost of sales for the nine-month periods ended 30 September 2020G and 2021G.....	107
Table (6.8):	Personnel costs for the years ended 31 December 2018G, 2019G and 2020G	108
Table (6.9):	Personnel costs for the nine-month periods ended 30 September 2020G and 2021G	109
Table (6.10):	Selling and marketing expenses for the years ended 31 December 2018G, 2019G and 2020G.....	109
Table (6.11):	Selling and marketing expenses for the nine-month periods ended 30 September 2020G and 2021G.....	110
Table (6.12):	General and administrative expenses for the years ended 31 December 2018G, 2019G and 2020G	110
Table (6.13):	General and administrative expenses for the nine-month periods ended 30 September 2020G and 2021G.....	111
Table (6.14):	Other income, (net) for the years ended 31 December 2018G, 2019G and 2020G.....	112
Table (6.15):	Other income, (net) for the nine-month periods ended 30 September 2020G and 2021G	112
Table (6.16):	Financial charges for the years ended 31 December 2018G, 2019G and 2020G	112
Table (6.17):	Financial charges for the nine-month periods ended 30 September 2020G and 2021G.....	113
Table (6.18):	Financial income for the years ended 31 December 2018G, 2019G and 2020G	113
Table (6.19):	Financial income for the nine-month periods ended 30 September 2020G and 2021G	114
Table (6.20):	Balance sheet as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	114



Table (6.21):	Current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	115
Table (6.22):	Cash and cash equivalents as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	116
Table (6.23):	Time deposits as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	116
Table (6.24):	Accounts receivable by customer type as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	116
Table (6.25):	Accounts receivable ageing as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	117
Table (6.26):	Inventory as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	118
Table (6.27):	Prepayments and other current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	119
Table (6.28):	Non-current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	120
Table (6.29):	Property, plant and equipment as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	120
Table (6.30):	Right-of-use assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	121
Table (6.31):	Breakdown of finance lease obligations as at 31 December 2020G and 30 September 2021G.....	122
Table (6.32):	Intangible assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	122
Table (6.33):	Long-term loans (current and non-current asset portions) as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	123
Table (6.34):	RAWEC (IWSP) loans (current and non-current portions) as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	123
Table (6.35):	Deferred tax assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	124
Table (6.36):	Current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	125
Table (6.37):	Trade and other payables as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	125
Table (6.38):	Accruals and other current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	126
Table (6.39):	Zakat and income tax payable movement as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	127
Table (6.40):	Non-current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	128
Table (6.41):	Loans, borrowings and other long-term liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	128
Table (6.42):	Loans, borrowings and other long-term liabilities by type as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	129
Table (6.43):	Loan repayment schedule as at 30 September 2021G.....	130
Table (6.44):	Key terms of loans for development of the Initial Facilities.....	130
Table (6.45):	Key terms of loans for the development of the Expansion Facilities	130
Table (6.46):	Key terms of loans for the development of the Expansion Facilities (cont'd)	131
Table (6.47):	Lease liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	131
Table (6.48):	Lease liabilities by type as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	131
Table (6.49):	Employee benefits as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.....	132
Table (6.50):	Shareholders' equity as at 31 December 2018G, 2019G and 2020G and 30 September 2021G	132
Table (6.51):	Present value of Minimum Lease Payments as at 31 December 2020G and 30 September 2021G	133
Table (6.52):	Cash flow statements for 2018G, 2019G and 2020G	134
Table (6.53):	Selected cash flow data for 2018G, 2019G and 2020G	135
Table (6.54):	Cash flow statement for the nine-month periods ended 30 September 2020G and 30 September 2021G	135
Table (6.55):	Selected cash flow data for the nine-month periods ended 30 September 2020G and 30 September 2021G.....	136
Table (6.56):	Capitalization and Indebtedness of the Company for the financial years ended 31 December 2018G, 2019G and 2020G and for the nine-month period ended 30 September 2021G.....	137
Table (7.1):	Use of Offering Proceeds.....	138
Table (7.2):	Rights Issue impact on the capital structure	139
Table (10.1):	Company's Licenses	142
Table (10.2):	Summary of Facilities	144



Table (10.3):	Terms of the Phase II Financing Facilities JBIC Agreement.....	146
Table (10.4):	Phase II Financing Facilities Commercial Bank Facility Agreement	147
Table (10.5):	Phase II Financing Facilities PIF Facility Agreement.....	148
Table (10.6):	Phase II Financing Facilities Dollar Procurement Agreement.....	148
Table (10.7):	Terms of the Saudi Aramco Rabigh 2 Debt Service Undertaking.....	150
Table (10.8):	Terms of the Sumitomo Chemical Rabigh 2 Debt Service Undertaking.....	150
Table (10.9):	Terms of the Amended and Restated Sumitomo Chemical Equity Bridge Loan Agreement.....	150
Table (10.10):	Terms of the Amended and Restated Saudi Aramco Equity Bridge Loan Agreement	151
Table (10.11):	Terms of the SIDF Loan Agreement.....	152
Table (10.12):	Terms of the Riyadh Bank WCF Credit Facilities Agreement	152
Table (10.13):	Terms of the Riyadh Bank Overdraft Facility Agreement	153
Table (10.14):	Terms of SNB WCF Credit Facilities Agreement.....	154
Table (10.15):	Rabigh 1 Shareholder Loan Agreement	155
Table (10.16):	Terms of the USD 750,000,000 (SAR 2,812,500,000) Saudi Aramco Shareholder Revolving Loan Agreement (Saudi Aramco as lender).....	155
Table (10.17):	Terms of the USD 500,000,000 Saudi Aramco Shareholder Revolving Loan Agreement (Saudi Aramco as lender)	156
Table (10.18):	Terms of the USD 750,000,000 Sumika Finance Co. Ltd. Shareholder Revolving Loan Agreement	157
Table (10.19):	Terms of the Letter of Credit	157
Table (10.20):	Terms of the Letter of Credit	158
Table (10.21):	Transactions with Related Parties	159
Table (10.22):	Insurance Summary	174
Table (10.23):	Registered Trademarks	175
Table (11.1):	Details of shares to be underwritten	184
Table (11.2):	Details of the Underwriter.....	184



List of Figures

Figure (3.1):	Petro Rabigh Simplified Manufacturing Processes Diagram.....	37
Figure (3.2):	Refined Product Demand Drivers.....	39
Figure (3.3):	Petro Rabigh Historical Refined Product Sales.....	40
Figure (3.4):	Demand Growth for Refined Products.....	40
Figure (3.5):	Global Net Refinery Capacity Additions.....	41
Figure (3.6):	Net Trade of Refined Products.....	41
Figure (3.7):	Key Refined Product Price Differentials v/s Arabian Light Crude Oil.....	42
Figure (3.8):	Refinery Competitiveness Criteria.....	43
Figure (3.9):	Saudi Arabia Refinery Complexity (FCC Equivalence Index versus Size).....	43
Figure (3.10):	Petrochemical Demand Drivers.....	45
Figure (3.11):	Petrochemical Investment Competitiveness Criteria.....	45
Figure (3.12):	Petro Rabigh Historical Petrochemical Sales.....	46
Figure (3.13):	Demand Growth Outlook for Ethylene Derivatives.....	46
Figure (3.14):	Net Capacity Additions by Region for Major Derivatives.....	47
Figure (3.15):	Net Trade Developments for Major Ethylene Derivatives.....	47
Figure (3.16):	Delivered Costs of Major Ethylene Derivates to China, 2020.....	48
Figure (3.17):	Demand Growth Outlook for Propylene Derivates.....	48
Figure (3.18):	Net Capacity Additions for Major Propylene Derivatives.....	49
Figure (3.19):	Net Trade Developments for Major Propylene Derivatives.....	49
Figure (3.20):	Delivered Costs of Aromatics and Derivatives to China, 2020.....	50
Figure (3.21):	Demand Growth for Aromatics and Derivatives.....	50
Figure (3.22):	Net Capacity Additions.....	51
Figure (3.23):	Net Trade Developments for Aromatics and Derivatives.....	51
Figure (3.24):	Delivered Costs of Aromatics and Derivatives to China, 2020.....	52
Figure (3.25):	Market Trends and Competitive Positioning for Other Derivatives.....	52
Figure (4.1):	Facilities and Infrastructure Map.....	66
Figure (4.2):	Business Activities.....	68
Figure (13.1):	Illustration of the Rights Mechanism.....	189



1. DEFINITIONS AND TERMS

Expressions and terms set out in this Prospectus shall have the meanings ascribed to them unless the context requires otherwise.

Defined Term or Abbreviation	Definition
ACC	Aramco Chemicals Company, a limited liability company duly organized and existing under the laws of the Kingdom with commercial registration number (2052101252), with its head office in Dhahran, the Kingdom.
ACWA Power	International Company for Water & Power Projects.
Advisors	The Financial Advisor, the Lead Manager, the Legal Advisor to the Company, the Market Advisor, the Auditors and other advisors (whose names are set out in pages (vi), (vii), and (viii) of this Prospectus).
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person whether in direct or indirect manner.
Subsidiary	In relation to a company, any other company that is controlled by it.
Allocation Date	The date on which the final allocation of the New Shares will be announced.
ARLANXEO	ARLANXEO Holding B.V., a limited liability company duly organized and existing under the laws of Netherlands, with its head office in Scheveningseweg 62–66 2517 KX, The Hague, The Netherlands.
ATC	Aramco Trading Company, a limited liability company duly organized and existing under the laws of the Kingdom, with its head office in Al-Midra Tower Building, Floor 3, East Wing, Dhahran 31311, the Kingdom.
ATS	Aramco Trading Singapore Pte., Ltd, a limited liability company duly organized and existing under the laws of Singapore, with its head office in OUE Bayfront, 50 Collyer Quay #13-01, Singapore.
Auditors	KPMG Professional Services.
Audit Committee	The audit committee of the Company.
bbl	Barrel.
Board or Board of Directors	The Company's board of directors.
bpd	Barrels per day.
Brokers	Capital Market Institutions authorized to deal in securities.
BTU	British thermal units.
Business Day	Any day (with the exception of Fridays, Saturdays and official holidays) on which banks are open for business in the Kingdom.
Bylaws	The bylaws of the Company.
CAPEX	Capital expenditure.
CAGR	Compounded annual growth rate during a specific period of time.
Capital Market Institution	A person authorized by the CMA to carry out securities business.
Capital Market Law	The Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada Al-Thani 1424H (corresponding to 31 July 2003G), as amended by Royal Decree No. M/16 dated 19/01/1440H (corresponding to 18/09/2019G).
CEO	The Company's Chief Executive Officer.
CFO	The Company's Chief Financial Officer.
CGU	Cash generating unit.





Defined Term or Abbreviation	Definition
Chairperson or Chairman	Chairman of the Company's Board of Directors.
CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
Commencement of Commercial Operations of the Expansion Facilities	The date on which the commercial operations of the Expansion Facilities were officially commenced in accordance with project and financing agreements executed by the Company for the Expansion Facilities.
Companies Regulations	Companies Regulations issued under Royal Decree No. M / 3 dated 28/01/1437H (corresponding to 10/11/2015G) as amended by Royal Decree No. M/79 dated 25/07/1440H (corresponding to 11/04/2018G).
Company or Issuer or Petro Rabigh	Rabigh Refining and Petrochemical Company, a joint stock company with commercial registration number (4602002161) dated 15/08/1426H (corresponding to 19/09/2005G), with its head office in Rabigh city, Kingdom of Saudi Arabia.
Compensation	The amount by which the net proceeds of the sale of the Rump Shares and Fractional Shares exceeds the Offer Price, which will be paid to those who have not exercised their right to subscribe for the New Shares and to the holders of Fractional Shares.
Committee or Board Committee	One of the Company's committees, including the Audit Committee and the Board's committees which are the Nomination and Remuneration Committee, the Executive Committee, the Marketing Steering Committee and the Risk Management Committee.
Control	The ability to directly or indirectly influence the actions or decisions of another person, individually or collectively with a Relative or an Affiliate, through: <ul style="list-style-type: none"> • holding 30% or more of the voting rights in a company; • the right to appoint 30% or more of the members of the governing body.
Corporate Governance Regulations	Corporate Governance Regulations, issued by the CMA's board pursuant to its resolution no. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA's board pursuant to its resolution no. 1-7-2021 dated 1/6/1442H (corresponding to 14/1/2021G).
CRT	The creditor's reliability test in which Petro Rabigh is required to engage to demonstrate the ability of the Expansion Facilities to perform in line with the technical assumptions underpinning the project financing debt that consists of a 90-day Completion, Operation and Reliability ("COR") Test and a 7-day Integrated Performance ("IP") Test of the units comprising the Initial Facilities and Expansion Facilities.
Current Shares	The Company's capital of eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000) is divided into eight hundred seventy-six million (876,000,000) ordinary shares with a fully paid nominal value of SAR 10 per share.
Directors or members of the Board	Members of the Company's Board of Directors.
ECL	Expected credit losses.
Edaa	The Securities Depository Center Company incorporated as a joint stock company and fully owned by the Tadawul.
Executive Committee	The executive committee of the Company.
Eligibility Date	Close of trading on the second trading day following Extraordinary General Assembly relating to the Capital Increase held on 09/11/1443H (corresponding to 08/06/2022G).
Eligible Persons	All the Rights holders, whether they are Registered Shareholders or New Investors who acquired Rights during the Trading Period.
Environmental Law	The Environmental Law issued pursuant to Royal Decree No. M/165 dated 19/11/1441H (corresponding to 10/07/2020G).
EPDM	Ethylene propylene diene monomer.
Equity Bridge Loans or EBLs	Saudi Aramco EBL and Sumitomo Chemical EBL.





Defined Term or Abbreviation	Definition
EPR	Ethylene propylene rubber.
ESOP	Employee share option plan.
EVA	Ethylene vinyl acetate.
Exchange or Tadawul	Saudi Stock Exchange (Tadawul).
Expansion Facilities, Phase 2 or Rabigh 2	The second phase of the Petro Rabigh Project.
Extraordinary General Assembly	The extraordinary general meeting of the Company's Shareholders held in accordance with the Bylaws.
Extraordinary General Assembly Meeting relating to the Capital Increase	The Extraordinary General Assembly of the Company held on the date of 09/11/1443H (corresponding to 08/06/2022G), in which the Shareholders shall vote on the increase of the Company's capital by way of a Rights Issue.
Financial Advisor	HSBC Saudi Arabia.
Financial Statements	Financial statements, and the accompanying notes thereto, for the Period Under Review including: <ul style="list-style-type: none"> the audited financial statements for the year ended on 31 December 2018G prepared in accordance with IFRS; the audited financial statements for the year ended on 31 December 2019G prepared in accordance with IFRS; the audited financial statements for the year ended on 31 December 2020G prepared in accordance with IFRS; the unaudited condensed interim financial statements for the period ended on 30 September 2020G prepared in accordance with IFRS; and the unaudited condensed interim financial statements for the period ended on 30 September 2021G prepared in accordance with IFRS.
Founding Shareholders	Saudi Aramco and Sumitomo Chemical.
Fractional Shares	The fractions of the New Shares to be aggregated and offered as part of the Rump Shares during the Rump Offering Period.
G	Gregorian.
GCC	The Cooperation Council for the Arab States of the Gulf GCC member states are: Kingdom of Saudi Arabia, Kingdom of Bahrain, State of Kuwait, Sultanate Oman, State of Qatar and the United Arab Emirates.
General Assembly	Any General Assembly of the Company (Extraordinary General Assembly or Ordinary General Assembly Meeting).
Government	The Government of the Kingdom of Saudi Arabia.
GOSI	General Organization for Social Insurance.
H	Hijri.
HDPE	High density polyethylene.
HOFCC	High olefins fluid catalytic cracker.
HOP	Home Ownership Program.
HSFO	High sulphur fuel oil.
IASB	International Accounting Standards Board.
IMO	International Maritime Organization.





Defined Term or Abbreviation	Definition
Income Tax Law	Income Tax Law issued by Royal Decree No. M/1 dated 15/01/1425H (corresponding to 06/03/2004G), as amended by Royal Decree No. M/153 dated 05/11/1441H (corresponding to 26/6/2020G).
Indicative Value of the Right	The difference between the market value of the Company's share during Trading Period and the Offer Price.
Initial Facilities, Phase 1 Facilities or Rabigh 1	The first phase of the Petro Rabigh Project.
Institutional Investors	<p>Include a number of institutions, as follows:</p> <ol style="list-style-type: none"> 1- Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by CMA, the Exchange or any other stock exchange recognized by CMA or Edaa; 2- Mutual funds established in the Kingdom and publicly offered besides private funds which invest in the securities listed in the Saudi Stock Exchange, if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Funds Regulations; 3- Capital Market Institutions authorized to deal in securities as principals, provided that the financial adequacy requirements are observed; 4- Clients of a Capital Market Institutions authorized to manage securities, provided that such authorized person has been appointed on terms upon which it may make decisions regarding the acceptance of the Offering subscription and investment in Tadawul on behalf of the customer without obtaining prior approval; 5- Any other legal persons permitted to open an investment account in the Kingdom and an account with Edaa, taking into account the controls on investment companies listed in financial markets, provided that the participation of the company shall not cause any conflict of interests; 6- GCC Investors with Legal Personality, including companies and funds established in the GCC countries; 7- Qualified foreign investors; and 8- A final legal beneficiary in a swap agreement concluded with a Capital Market Institution, in accordance with the terms and regulations of the swap agreements.
International Financial Reporting Standards or IFRS	A set of accounting standards and the interpretations thereof issued by the IASB, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA in the Kingdom of Saudi Arabia.
Investment Funds Regulations	Investment Funds Regulations, issued by the CMA's board pursuant to its resolution no. 1-219-2006, dated 03/12/1427H (corresponding to 24/12/2006G), as amended by CMA's board pursuant to its resolution no. 2-22-2021 dated 12/7/1442H (corresponding to 24/2/2021G).
IWSPP	Independent Water, Steam, and Power Project.
IPO	Initial public offering.
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia.
kta	Kilo tons per annum.
Lead Manager	HSBC Saudi Arabia.
Legal Advisor	Khoshaim & Associates.
Listing Rules	The Listing Rules issued by the CMA board pursuant to its resolution no. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended by the CMA board pursuant to its resolution no. 1-52-2022 dated 12/09/1443H (corresponding to 13/04/2022G).
LDPE	Low density polyethylene.
LIBOR	London Interbank Offer Rate.
LLDPE	Linear low density polyethylene.





Defined Term or Abbreviation	Definition
Marine Terminal	The deep water port, turning basin, pioneer port, dry and liquid cargo ports, loading and unloading arms at Rabigh, described more fully in Section 4.6.2 (" Marine Terminal ").
Market Advisor	NexantECA, a limited company duly organized and existing under the laws of England and Wales with commercial registration number (3851671), with its head office 110 Cannon Street, London EC4N 6EU.
Marketers	ATC, Saudi Aramco, Sumitomo Chemical Asia, SABIC or ARLANXEO, as the case may be, is the offtaker and marketer of the petrochemical products or refined products (as applicable).
MEG	Monoethylene glycol.
MEPA	The General Authority for Meteorology and Environmental Protection.
Ministry of Commerce	The Ministry of Commerce of the Kingdom.
Ministry of Finance	The Ministry of Finance of the Kingdom.
Ministry of Energy	The Ministry of Energy of the Kingdom.
Ministry of Investment	The Ministry of Investment of the Kingdom.
MHRSD	The Ministry of Human Resources and Social Development of the Kingdom
MMA	Methyl methacrylate.
MMBTU	One million BTU.
mmscfd	Million standard cubic feet per day.
mt	Metric ton (1,000 kg or 2,204.62 lb).
MTBE	Methyl tertiary butyl ether.
mtpa	Million tons per annum.
Net Proceeds	Total offering proceeds after deducting the Offering Expenses.
New Investors	All individual and institutional investors who purchased Rights during the Trading Period, save as Registered Shareholders.
New Shares	Shares to be issued by the Company due to capital increase, which are seven hundred ninety-five million (795,000,000) Shares.
Nominal GDP	Value of final goods and services recognized locally and produced in a given country over a specified time, measured according to current prices.
Notification of Final Allocation	The final notice for the number of Shares allocated to each Eligible Person without any charges or withholdings, which shall be made no later than 7/12/1443H (corresponding to 6/7/2022G).
Nomination and Remuneration Committee	The nomination and remuneration committee of the Company.
Offering or Subscription	Offering of New Shares for subscription by way of a Rights Issue at an Offer Price of ten Saudi Riyals (SAR 10) per share.
Offering Expenses	Offering expenses are estimated to be around sixty million Saudi Riyals (SAR 60,000,000). For further information on this, please refer to Section 7 (" Use of Proceeds ").
Offering Terms and Conditions	The Offering terms and conditions set out in Section 13 " Offering Terms and Conditions " of this Prospectus.
Ordinary General Assembly	The ordinary general meeting of the Company's Shareholders is held in accordance with the Bylaws.
PE	Polyethylene.





Defined Term or Abbreviation	Definition
Period Under Review	The period relation to: <ul style="list-style-type: none"> the audited financial statements for the year ended on 31 December 2018G; the audited financial statements for the year ended on 31 December 2019G; the audited financial statements for the year ended on 31 December 2020G; the unaudited condensed interim financial statements for the period ended on 30 September 2020G.
Petro Rabigh Project or the Petro Rabigh Complex	The development of the Rabigh refinery into a major integrated refinery and petrochemicals project, comprising the Initial Facilities and the Expansion Facilities.
PMMA	Polymethyl methacrylate.
PO	Propylene oxide.
PP	Polypropylene.
Prospectus	This prospectus.
Real GDP	Value of final goods and services recognized locally and produced in a given country over a specified time, measured according to inflation-adjusted prices.
Rabigh 1 Shareholder Loan Agreement	The USD 1,654,845,430 credit facility agreement entered into between the Company and the Founding Shareholders as creditors. 75% of the rights issue proceeds will be used to repay the entire original principal amount of SAR 4,575,000,000 and accrued interest amounting to SAR 1,387,500,000 under the Rabigh 1 Shareholder Loan Agreement. For more information about this agreement, please refer to Section (10.3.17) (" Rabigh 1 Shareholder Loan Agreement ")
Rabigh 2 Finance Documents	The HEC Amendment and Restatement Agreement, the Intercreditor Agreement, the Expansion Facilities Common Terms Agreement, the Rabigh 2 Debt Service Undertakings, the Expansion Facilities Commercial Bank Facility Agreement, the Expansion Facilities JBIC Facility Agreement, the Expansion Facilities PIF Facility Agreement, the Expansion Facilities Dollar Procurement Agreement (each as referred to and set out in more detail in Section (10.3) (" Facility Agreements "), and all other facilities, permitted hedging agreements, security documents and fee letters entered into in connection with the above.
RAWEC	Rabigh Arabian Water and Electricity Company, a limited liability company duly organized and existing under the laws of the Kingdom with commercial registration number 4602006014, with its head office in P.O. Box 100, Rabigh – 21911, Sulaiman bin Buraidah Street, Al-Murjan District, Rabigh city, the Kingdom of Saudi Arabia.
Registered Shareholders	The Shareholders who are owners of Shares as at the date of the Extraordinary General Assembly held for capital increase and who are registered in the Company's shareholder register as at the close of the second trading day following Extraordinary General Assembly on Capital Increase held on 09/11/1443H (corresponding to 08/06/2022G).
Related Party	It means: <ol style="list-style-type: none"> 1- Issuer affiliates; 2- Substantial Shareholders of the Issuer; 3- members of the Board of Directors and Senior Executives; 4- members of the Board of Directors and Senior Executives of the Issuer's Affiliates; 5- members of the Board of Directors and Senior Executives of the Issuer's Substantial Shareholders; 6- any Relatives for the persons referred to in (1, 2, 3, 4 or 5) above; 7- any company controlled by any person referred to in (1, 2, 3, 4, 5 or 6) above.
Relative	Husband, wife and/or minor children.
Rights	Tradeable securities giving their holders the right to subscribe for New Shares upon approval of the capital increase. This is a right acquired by all Registered Shareholders and each Right grants its holder the right to subscribe for one (1) New Share at the Offer Price. The Rights will be deposited after the Extraordinary General Assembly on capital increase. The New Shares will appear in the accounts of Registered Shareholders under a new symbol that designates these Rights. Registered Shareholders will be informed of the deposit of the Rights in their accounts.





Defined Term or Abbreviation	Definition
Rights Issue	Offering of New Shares, to which the Company's Shareholders shall have the right to subscribe in proportion to their shareholding.
Rights Issue Ratio	Each Registered Shareholder will receive (0.907534) Rights for each Current Share owned. This ratio is the result of dividing the number of New Shares by the number of the Current Shares.
Riyal, Saudi Riyal or SAR	The current official currency of Saudi Arabia.
RPTP or PlusTech Park	Rabigh PlusTech Park, a business comprising of an industrial complex adjacent to Petro Rabigh's integrated refining and petrochemical complex, developed jointly by Saudi Aramco and Rabigh Conversion Industry Management Services Company (RCIMS), an affiliate of Sumitomo Chemical.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA board pursuant to its resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended by the CMA board pursuant to resolution No. 5-5-2022 dated 02/06/1443H (corresponding to 05/01/2022G).
Rump Offering	Rump Shares will be offered to a number of investment institutions, provided that such investment institutions submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 A.M. on 30/11/1443H (corresponding to 29/06/2022G) until 5:00 P.M. on 01/12/1443H (corresponding to 30/06/2022G). Rump Shares will be allocated to the Institutional Investors in order of priority based on the price per Share offered (provided that it shall not be less than the Offer Price) with Shares being allocated on a pro rata basis among those being the Institutional Investors that make offers at the same price. Fractional Shares will be accumulated and be subject to the same treatment.
Rump Offering Period	From 10:00 A.M. on 30/11/1443H (corresponding to 29/06/2022G) to 5:00 P.M. on 01/12/1443H (corresponding to 30/06/2022G).
Rump Shares	New Shares, including any Fractional Shares, which were not subscribed for by the end of the Subscription Period.
SABIC	Saudi Basic Industries Company, a listed joint stock company with commercial registration number (1010010813) dated 14/1/1397H (corresponding to 4 January 1977G), with its head office in Riyadh city, Kingdom of Saudi Arabia.
Sales Gas	Natural gas.
Saudi Aramco	Saudi Arabian Oil Company, a listed joint stock company with commercial registration number (2052101150) dated 11/7/1439H (corresponding to 28 March 2018G), with its head office in Dhahran 31311, Kingdom of Saudi Arabia.
Saudi Aramco EBL	The Equity Bridge Loan Agreement dated 16/03/2015G between the Company and a number of financial institutions, including Sumitomo Mitsui Banking Corporation, guaranteed by Saudi Aramco, as amended and restated on 30/09/2020G. For more information about this agreement, please see section (10.3.10) (" Amended and Restated Saudi Aramco Equity Bridge Loan Agreement ").
Saudi nationals	Any individual holding Saudi Arabian nationality.
Saudization	Employment of Saudi nationals in accordance with labor laws and regulations that require companies operating in the Kingdom to employ a certain percentage of Saudi citizens.
SCA	Sumitomo Chemical Asia Pte Ltd, a limited liability company duly organized and existing under the laws of Singapore with commercial registration number (199003514C), with its head office in 3 Fraser Street, #07-28 DUO Tower, Singapore 189352.
SEC	Saudi Electricity Company, a listed joint stock company incorporated in the Kingdom pursuant to Royal Decree No. M/16 dated 06/09/1420H (corresponding to 14/12/1999G) with commercial registration number 1010158683, with its head office at Granada towers, Riyadh city, the Kingdom of Saudi Arabia.
Security	The property, plant and equipment, cash and cash equivalents and time deposits of the Company with a carrying value of SAR 44,528 million and SAR 1,061 million, respectively, which are used as security against the loans obtained by the Company for the Initial Facilities and Expansion Facilities.
Senior Executives	Any natural person to whom the Board, or a member of the Board, has given responsibility, either alone or jointly with others, for management and supervision and either reports to the Board, a member of the Board or the President & Chief Executive Officer.





Defined Term or Abbreviation	Definition
Senior Management	The senior management of the Company, whose names are listed in the table at Section 5.4 (" Senior Management ").
Shareholder	A shareholder in the Company from time to time.
Shares	The Company's ordinary shares with a nominal value of ten Saudi riyals (SAR 10) each.
SNB	The Saudi National Bank (previously The National Commercial Bank), a listed joint stock company duly organized and existing under the laws of the Kingdom of Saudi Arabia with commercial registration number 4030001588, with its head office in King Abdullah Financial District, King Fahd Road, 3208 – Al Aqeeq District, Unit No. 778, Riyadh 13519-6676, Kingdom of Saudi Arabia.
SOCPA	Saudi Organization for Certified Public Accountants.
Subscriber	Any person who subscribes for New Shares.
Subscription Period	Starts on Tuesday, 15/11/1443H (corresponding to 14/06/2022G) and will continue until the end of the day of Sunday, 27/11/1443H (corresponding to 26/06/2022G). During this period, all the Rights holders – whether Registered Shareholders or New Investors – may exercise their right to subscribe for the New Shares.
Subscription Price or Offer Price	Ten Saudi Riyals (SAR 10) per New Share.
Sumitomo Chemical	Sumitomo Chemical Company Limited, a limited liability company duly organized and existing under the laws of Japan with commercial registration number (2010001071327), with its head office in Tokyo Nihombashi Tower, 2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6020, Japan.
Sumitomo Chemical EBL	The Equity Bridge Loan Agreement dated 16/03/2015G between the Company and Sumitomo Mitsui Banking Corporation, guaranteed by Sumitomo Chemical, as amended and restated on 30/09/2020G. For more information about this agreement, please see section (10.3.9) (" Amended and Restated Sumitomo Chemical Equity Bridge Loan Agreement ").
Saudi Exchange	The Saudi Exchange Company (Tadawul), which is responsible for the listing and trading of securities on Tadawul.
Tadawul System	The automated securities trading system.
Tcf	Trillion cubic feet.
tpa	Tons per annum.
TPO	Thermo plastic olefin.
Trading Period	The period from Tuesday, 15/11/1443H (corresponding to 14/06/2022G) to Tuesday 22/11/1443H (corresponding to 21/06/2022G). During this period, the Rights are traded on the Exchange.
Underwriters	HSBC, Riyadh Capital, Alinma Investment, GIB Capital, SNB Capital Company, Arab National Investment Company, Saudi Fransi Capital, and Aljazira Capital.
Underwriting Agreement	The underwriting agreement entered into between the Company and the Underwriters to underwrite the offering of the New Shares. For more information about this agreement, please see section (11) (" Underwriting ").
US Dollar (USD)	The current lawful currency of the US.
US Securities Act	The United States Securities Act of 1933G, as amended.
VAT	Value Added Tax.
WECA	The Water and Energy Conversion Agreement dated 9/03/2015G between the Company and RAWEC. For more information about this agreement, please see section (10.4.6) (" Water and Energy Conversion Agreement ").
ZATCA	The Zakat, Tax and Customs Authority.





2. RISK FACTORS

In considering an investment in the Rights or the New Shares, prospective investors should carefully consider all the information contained in this Prospectus, specifically the risks described below. The risks set out below may not include all risks that Petro Rabigh may encounter, as additional risks that are not currently known to the Company may occur, as well as risks that are known to the Company but are considered immaterial as at the date of this Prospectus. These additional risks may have an adverse effect on the Company's operational performance, financial position, results of operations, cash flows and prospects if they occur.

The Board members declare, to the best of their knowledge and belief, that there are no material risks that may affect the decision of the prospective investors in relation to the investment in the Rights or the New Shares as at the date of this Prospectus, except for those disclosed within this section.

An investment in the New Shares is only appropriate for those investors who are able to evaluate the risk and the benefits of the investment and those who have sufficient resources to sustain any loss resulting from such investment. A prospective investor who is doubtful about investing in the Rights or the New Shares should seek appropriate advice from a financial advisor licensed by the CMA in relation to such investment.

If the risks set out below occur, they may have a material adverse effect on the Company, including but not limited to, the Company's operations, business, financial conditions, future prospects and other matters set forth in this Prospectus. Furthermore, risks other than those disclosed below (which the Company currently deems immaterial but which may be material if they actually occur, or which are unknown to the Company as at the date of this Prospectus) may occur and may have an adverse and material effect on the Company's business. This in turn may lead to the price of the Rights or Shares decreasing in the market and investors losing part of or all their investments in the Rights or New Shares.

The risks set out below are not presented in any assumed order of priority that can reflect their expected impact on the Company, importance, materiality or likelihood of occurrence.

2.1 Risks Relating to the Company

2.1.1 Risks Relating to Effective Control by Founding Shareholders

Since the IPO of the Company in 2008G, each Founding Shareholder has maintained ownership of 37.5% of the Company's issued Shares. Pursuant to commitment letters executed by the Founding Shareholders, each Founding Shareholder has committed to subscribe fully for its share of Offering so as to maintain its existing ownership percentage. This gives the Founding Shareholders – together or individually – voting rights that allow them to continue to control the Company. Further, the Company cannot guarantee that the Founding Shareholder will not buy the Shares in the market and subsequently increase their shareholding and control further.

As a result, the Founding Shareholders have the ability to influence all matters requiring shareholders' approval, and they can exercise this ability in a manner that could have a significant effect on the Company's business, operations, financial position, cash flows and future prospects, including the election of Directors, significant corporate transactions and capital adjustments, all of which might be exercised in a manner not in the best interest of other shareholders. Any change in a Founding Shareholder's business strategy and/or policies towards the Company could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.2 Risks Relating to the Reliance on the Founding Shareholders

The Company's success is dependent on its relationship with the Founding Shareholders, given their provision of key services and support to the Company's business, including feedstock, technology, financing, personnel, and the fact that the Founding Shareholders and their Affiliates are the exclusive Marketers and offtakers of the products produced by the Company. For more details regarding these specific risks, please review Section (2.1.3) "Risks Relating to Reliance on Founding Shareholders' Expertise and Personnel" and Section (2.1.5) "Risks Relating to Lifting and Marketing Agreements".



Specifically, the Company relies heavily on Saudi Aramco in relation to the provision of feedstock and as a counterparty and landlord for the Company's facilities. For more details regarding these risks, please review Section (2.1.14) **"Risks Relating to Leases and not Owning the Lands on which the Company's Facilities are Located"** and Section (2.1.4) **"Risks Relating to Feedstock Supply Affecting the Company"**.

There is no guarantee that either or both of the Founding Shareholders will always remain as shareholders in the Company or that their strategy in relation to their investment in the Company will remain the same. If that changes, the services provided by either or both of the Founding Shareholders to the Company might be adversely affected. Furthermore, certain financing agreements the Company is party to require that the shareholding of the Founding Shareholders does not decrease below its current level. As such, if a Founding Shareholder's shareholding decreases, the Company might be in default of such contracts. Any of the foregoing materializing could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects. For further details, please review Section (10.3) **"Facility Agreements"**.

2.1.3 Risks Relating to Reliance on Founding Shareholders' Expertise and Personnel

Petro Rabigh's secondment agreements and service agreements with each of the Founding Shareholders, which leverage the Founding Shareholders' extensive experience in refined products and petrochemicals, have provided manpower and technical support to the Company. Under these agreements, each Founding Shareholder has committed to provide, inter alia, seconded manpower including but not limited to, the key positions of senior vice president of manufacturing, CFO, acting vice president of engineering and support, experienced executives to form the key management of the Company (including the President and CEO), and assistance in hiring and training operators. The percentage of seconded employees to the total employees was 6.8%, 2.8%, 1.9% and 1.1% as of 31 December 2018, 31 December 2019, 31 December 2020 and 30 September 2021, respectively. As of 31 March 2022, the percentage of seconded employees to the total employees was 0.86%.

Given the nature of secondment agreements, secondments can end on short notice and there can be no assurance that the Company will be able to retain the services of the seconded employees or to attract and retain additional qualified personnel as and when needed. Further, the secondment agreements give each Founding Shareholder the right to terminate if an event of default occurs. If an event giving rise to termination by either Founding Shareholder occurs, if the Company does not continue to receive the required support from the Founding Shareholders when needed, or if it fails to find appropriate support from any other third party in a timely manner; this could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.4 Risks Relating to Feedstock Supply Affecting the Company

The Company is completely dependent on Saudi Aramco in relation to its feedstock supply, consisting of crude oil, ethane, butane and sales gas. The value of the crude oil, ethane and butane feedstock supplied from Saudi Aramco to the Company reached approximately SAR 38,119 million, SAR 34,096 million, SAR 17,139 million and SAR 25,059 million as of 31 December 2018G, 31 December 2019G, 31 December 2020G and 30 September 2021G. As for sales gas, the Company started receiving it in the year 2020 and the value of the sales gas supplied reached SAR 21 million and SAR 34 million as of 31 December 2020G and 30 September 2021G, respectively.

The Company does not receive any feedstock allocation directly from the MOE but rather relies upon long term agreements with Saudi Aramco for the supply of feedstock (For more details on the Feedstock Supply Agreements, please refer to Section (10.4.2) **"Material Third Party Supplier Agreements"**). If the agreement with Saudi Aramco is terminated upon expiry of its term or terminated pursuant to its terms or there were to be a change to the terms of the ongoing contracts relating to the supply of feedstock upon renewal, such as increasing the purchase price, reducing the quantity supplied or any change to the credit terms and conditions, there is no guarantee that the Company will be able to secure all or any of its feedstock supply needs from other sources or negotiate favourable terms and, as a result, this may have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.



Crude oil is supplied solely by a single pipeline, the East-West Pipeline, and ethane, butane and sales gas are supplied via the Yanbu-Rabigh pipeline. The Company would be materially adversely affected by a shutdown in either of the pipelines or any incident resulting in delay or interruption of the feedstock supply. Should the feedstock supply become unavailable for any reason, including but not limited to pipeline failure, regulatory restrictions, changes of ownership or potential disputes over title to the land over which the pipeline passes or other causes, the Company will need to secure alternative feedstock supply. There is no guarantee that the Company will be able to secure all its feedstock supply needs or negotiate favourable terms for replacement. If any of the above risks materialize, this would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

The Company also sources its ethane and butane feedstock solely from Saudi Aramco in accordance with the Ethane Feedstock Supply Agreements and the Butane Feedstock Supply Agreements, respectively (For more details on the Feedstock Supply Agreements, please refer to Section (10.4.2) "**Material Third Party Supplier Agreements**" of this Prospectus). Ethane feedstock represents the main component required for petrochemical production. In the financial years ended 31 December 2016G, the Company was impacted by shortages of ethane supplied from Saudi Aramco due to intermittent technical issues on its premises, where approximately 12% of Company's allotted quota of Ethane feedstock were impacted. This resulted in low levels of ethane purchases during 2016, leading to lower production levels and preventing the Company from meeting planned targets during 2016. If such an incident were to reoccur, or any material shortage of feedstock supply occurs, it would result in a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.5 Risks Relating to Lifting and Marketing Agreements

From its inception, the Company utilized agreements with the Founding Shareholders and their subsidiaries for the sale and marketing of the products produced at the Petro Rabigh Complex.

The Founding Shareholders (directly or through their Affiliates) are the exclusive marketers of the Company's petrochemical and refined products produced at the Petro Rabigh Complex, pursuant to either long-term lifting and marketing agreements or offtake agreements (For more details on the offtake and lifting and marketing agreements, please refer to Section (10.4.3) "**Refined Products Offtake Agreements and Lifting and Marketing Agreements**" and Section (10.4.4) "**Lifting and Marketing Agreements for Petro Rabigh Petrochemical Products**" of this Prospectus).

The Company's products are mainly sold to the Founding Shareholders; where 97%, 99%, 98% and 98% of the petrochemical products produced by the Company are sold to both Saudi Aramco and Sumitomo (and/or their affiliates) as of 31 December 2018, 31 December 2019, 31 December 2020 and 30 September 2021, respectively, and 100% of the refined products being sold to Saudi Aramco for the same aforementioned periods.

The lifting and marketing agreements and offtake agreements entail multiple risks, including but not limited to Marketers' default under their respective agreements and/or the Marketers experiencing financial difficulties. Should any of the Marketers default and given that the Company has an exclusive marketing relationship with the Marketers, the Company might not be able to market its products quickly and efficiently. Other risks could also include termination of the offtake agreements and/or lifting and marketing agreements by the relevant Marketer in case an event of default arises under the agreement (e.g., for breach by the Company). In these cases, the Company may need to engage with other marketers, which would require the Company to invest in sales and marketing resources and there is no guarantee that the Company would be able to secure agreements with other marketers or negotiate favourable terms, and as a result, this will have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.6 Risks Relating to Material Agreements

The Company relies on strategic partners and other third parties for its business. (For more details on material agreements, please refer to Section (10.4) "**Material Agreements**", and for more details about the size and reliance on material contracts, please refer to Section (2.1.4) "**Risks Relating to Feedstock Supply Affecting the Company**" and (2.1.5) "**Risks Relating to Lifting and Marketing Agreements**"). From time to time, the Company may also rely on other third parties for the provision of other services.



Third parties on which the Company relies could experience difficulties, material changes to their business relationships with the Company, or become unable for any reason to perform their obligations. In addition, disputes could arise between the Company and such third parties which, if not resolved, could jeopardize the Company's ability to rely on such third parties' services. Furthermore, in case these agreements expire, the counterparty may decide not to renew the agreement, or may request an increase to its fees or other change of terms which may not be acceptable to the Company.

In any such event, the Company may be unable to find a suitable replacement service provider in a timely manner, which could lead to disruptions in the Company's business operations. Any such event would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Furthermore, the Company itself may default and/or breach such material agreements including for reasons outside of its control. In such event, the counterparty may terminate the agreement, claim damages or suspend its services. Additionally, material disputes and/or issues might arise under these agreements and with these counterparties that could cost the Company to resolve and/or could affect the relationship with, or service provided by, such third party.

If any of the above materializes, this would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.7 Risks Relating to Third Party Utility Supply

The IWSP is owned and operated by RAWEC, which is in turn jointly owned by ACWA Power and one of its wholly-owned subsidiaries, and the Company (which is a 1% shareholder of RAWEC).

The WECA entered into by the Company with RAWEC provides the Company with long term supplies of water, steam and power. The operations of the IWSP are exposed to the risk of being brought to a halt by unplanned outages and shutdowns or because of RAWEC's failure to operate the IWSP properly. During 2013, the Petro Rabigh Complex experienced facility shutdowns as a result of steam, water and power failures from the IWSP, which caused significant damage to the ethane cracker's furnace tubes. The Company, thereby claimed a compensation of US\$200 million from the IWSP in accordance with WECA, which was duly received by the Company. In the event that the Company does not receive its required needs of water, steam and power because of any unplanned outages, shutdowns and unreliability events that occur, this would result in a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Furthermore, if the Company elects to terminate the WECA and purchase the IWSP from RAWEC, there can be no assurance that the Company will be capable of running the IWSP. If RAWEC's operations are repeatedly interrupted or otherwise affected by delays or deviations from the WECA this may have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.8 Risks Relating to Feedstock Infrastructure

Crude oil feedstock is being supplied via Saudi Aramco's existing crude oil pipeline, a spur of the main East-West pipeline. The Company owns the Yanbu – Rabigh pipeline, which is operated by Saudi Aramco. The Yanbu-Rabigh pipeline supplies the Company with its entire feedstock of ethane, butane and sales gas for energy.

This infrastructure is subject to multiple risks, including damage, acts of God such as earthquakes, attacks and intentional vandalism, dysfunctionality and issues in operations, expropriation and other risks. Any impairment of this infrastructure could affect the Company's feedstock supplies, which would result in a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.9 Risks Relating to Licenses and Approvals

The Company is required to obtain and maintain appropriate licenses such as the industrial license and foreign investment license by MISA, and environmental and other permits and other regulatory consents in relation to its activities (for more details, please refer to Section (10.1) "Government Licenses and Permits" of this Prospectus). Some of the Company's licenses are issued for a limited period and must be renewed periodically. The licenses, permits and consents obtained by the Company have requirements, terms and conditions attached to them. Any breach of, or noncompliance with, any of these regulatory requirements might result in penalties or fines being imposed or in the licenses, permits and consents being revoked, potentially leading to the suspension of the relevant activity.



The Company has never obtained an environmental permit or municipality permits. If any the competent authorities deem the Company required to obtain such permits, this may subject the Company to penalties by the competent authorities, including financial fines that may reach SAR 20,000,000, imposition of remedial costs for any damages, and suspension of the relevant activity.

Moreover, the Company owns and operates a desalination plant (for the Company's industrial use and not for commercial purposes) and operates a maritime port. The Company has not obtained any specific licenses to undertake these activities. If it transpires that the Company was legally required to obtain such licenses, then the Company might be subject to penalties by the relevant authority including fines and suspension of the relevant activity.

Licensing requirements and policies are subject to change, and it is possible that the Company may become subject to more extensive licensing requirements in the future which may be more onerous to comply with. If the Company fails to obtain a license required by law, fails to renew a license, fails to comply with a license's terms and conditions, or has a license suspended or terminated, or if the Company was not able to obtain any additional licenses that will be required in the future, the Company might be required to cease the activities covered by that license, might be penalized/fined, might be asked to pay damages, might be subject to reputational damage and/or may be subject to operations and productions interruption. Additionally, failure to comply with these requirements may deem the Company in breach of some contractual obligations which require it to comply with the licenses requirements; which may give the counterparty the right to terminate the contract or demand compensation. Each of these events, if they were to occur, would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.10 Risks Relating to Saudization and Other Labor Issues

The MHRSD imposes certain Saudization requirements on companies operating in the Kingdom, depending on the sector in which each company operates and the size of the company. As at 28 February 2022G, the Company achieved a Saudization ratio of approximately 81.6%, which places the Company at platinum level.

While the Company is currently compliant with all Saudization requirements, there is no assurance that the Company will continue to retain a sufficient number of Saudi employees to satisfy the Saudization requirements. There is also a risk that the Saudization ratio requirement may be increased in the future or that other regulators e.g., the Ministry of Energy, may impose additional Saudization requirements. If the Saudization ratio of the Company falls below the required ratio, the Company may be subject to sanctions for non-compliance with Saudization requirements which include the suspension of applications for employment visas or for transfers of sponsorship of non-Saudi employees. These sanctions could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

In addition to the Saudization ratio requirement, there is a risk of restrictions on expatriate visas or that additional requirements may be imposed on non-Saudi employees which in turn may result in higher staff turnover and/or staff shortages. Any significant increase in staff turnover and/or shortages would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

In addition, an increase in the fees for the issuance and renewal of residence permits by each non-Saudi employee may increase the cost of living, which may make it difficult for the Company to retain its expatriate employees.

Furthermore, the management of the Company depends mainly on qualified employees who occupy key positions in the Company. The Company may not be successful in retaining such employees or in attracting qualified substitutes. Furthermore, talent acquisition and retention are costly and time consuming, especially in sectors such as petrochemicals and refining. In the event that the Company is not able to keep these employees and loses them due to resignation in light of strong competition in the labor market or any other reason, this could have a material adverse effect on its business, operations, financial position, cash flows and future prospects.

2.1.11 Risks Relating to Technology and Cybersecurity

The Company's success, business and operations are dependent on the Company's technology and IT systems.

The Company also depends on third-party licensors to secure the technology that it requires to operate its business. The Company may not be able to protect its rights under such licensing agreements, service providers may fail to provide the services required by them to the Company, such providers may default and breach the agreements, and the agreements may terminate and expire without being renewed under the same or better terms. These events could affect the Company's ability to use the technologies and licenses provided or might eliminate such ability entirely. If any of these events were to occur, this may result in a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

A malfunction may occur in the Company's production technologies and IT systems for several reasons, including, but not limited to, natural disasters, electronic viruses, technical errors, human errors and acts of computer hacking. There is no guarantee that the Company's business would not be interrupted or affected in the event of partial or full malfunction of any of its main systems, or in the event that the Company comes under electronic attacks which could harm its cybersecurity. An electronic attack or an electronic malfunction may also result in the Company's loss of some or all of its data. Therefore, any malfunction in the Company's technical systems or an incident that exposes the Company to electronic attacks that could harm its electronic infrastructure could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.12 Risks Relating to the Company's Inability to Keep Pace with Technical Developments

The Company uses advanced and costly technologies and systems to manufacture its products. To keep pace with the development in the petrochemical and refining industry, it is necessary to make frequent improvements to the use of such advanced technologies. There are continuous technological advancements, which the Company tries to keep up with. However, the Company cannot guarantee it will always be able to keep pace with technological advancement, that it will not incur cost and expenses in doing so, or its ability to quickly provide new technologies and apply it to its own systems and to its products in a timely and appropriate manner. The Company's inability to keep pace with new technologies, or the time and cost it incurs to do so, would have a material adverse impact on its business, operations, financial position, cash flows and future prospects.

2.1.13 Risks Relating to Intellectual Property and Trademarks

The Company does not own any trademarks in the Kingdom. The Company owns a number of trademarks outside of the Kingdom. The Company was also not able to register a number of trademarks outside of the Kingdom. For further details regarding trademarks owned by the Company, please refer to Section (10.10) "**Trademarks**" of this Prospectus.

If the Company fails to register the trademarks it uses under its name, or fails to renew the registration of any trademark upon its expiry; third parties might be able to register such trademarks in their name and may be able to restrict the Company from using such trademarks. Furthermore, even with registration, third parties may infringe on the Company's rights and use its trademarks without prior authorization, which could cause reputational damage and leakage of value. The Company cannot guarantee to be fully protected from the foregoing occurring. In the event any of these risks materialize, it may have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.14 Risks Relating to Leases and not Owning the Lands on which the Company's Facilities are Located

As of the date of this Prospectus, the Company does not own any lands. The land on which the Petro Rabigh Complex, the marine terminal, PlusTech Park and other facilities are located are not owned by the Company but are leased from Saudi Aramco pursuant to lease agreements. For further details regarding leases, please refer to Section (10.4.10) "**Lease Agreements**" of this Prospectus.

The lease agreements may be terminated by Saudi Aramco if an event of default or force majeure event occurs. If Saudi Aramco terminates a lease agreement, or the agreement is not renewed upon its expiry, the Company will have no rights to access or use the relevant asset, property or facility which may result in the Company surrendering the assets without compensation, which means the Company will need to cease its use or operations in the relevant facility which could cause business interruptions or suspension, and the Company might need to procure an alternative which could be costly and timely; all of which would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Furthermore, land leases – including leases for the lands on which the Rabigh Complex, Maritime Terminal and the Rabigh Community are located – expire after the land lease term ends and there is no guarantee that such leases will be renewed and/or will be renewed with the same or better terms and conditions. The Company may not be able to renew these leases and as such might lose access to the lands and might be required to surrender the lands free from facilities (i.e., incur demolition costs) without compensation. This places a significant risk on the Company.

If any of the above risks materializes, it will have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.



2.1.15 Risks Relating to Zakat and Tax

The Company is required to file Zakat and tax returns with the ZATCA in the Kingdom on an annual basis.

There is a risk of a material change in the rules and regulations which could increase the deductions from the Company or a material shift in ZATCA's policy, practice or rules, and as such the Company could become subject to additional Zakat or tax payments in the future which could have a material adverse effect on the Company business, financial condition and results of operations.

The Company has filed its Zakat and income tax returns with ZATCA up to the financial year 2020. The Company's Zakat and tax assessments have been finalized by ZATCA up to the financial year 2008 and for the years 2011 up to 2016. The status of the other years as at 31 December 2021G is as follows:

- **For the years 2009 and 2010:** ZATCA raised additional demand for SAR 43,300,000 for 2009 and SAR 200,000 for 2010. The Company filed an objection with the General Secretariat of Zakat, Tax and Customs Committees, and a judgement was issued to reduce this amount to SAR 31,400,000 for 2009 and to nothing for 2010. The Company has appealed this decision and it is currently pending. It should be noted that the Company submitted a bank guarantee for an amount of SAR 43,500,000, covering the full disputed amount.
- **For the years 2017 and 2018:** ZATCA raised additional demand for SAR 100,700,000 for 2017 and SAR 10,500,000 for 2018. The Company filed an initial objection with ZATCA, who upheld its assessment. The Company filed an objection with the General Secretariat of Zakat, Tax and Customs Committees, which is currently pending.
- **For the year 2019:** ZATCA raised additional Zakat demand for SAR 11,500,000. The Company filed an initial objection with ZATCA.
- **For the year 2020:** ZATCA raised additional Zakat demand for SAR 62,300,000. The Company filed an initial objection with ZATCA.

Should the Company be obligated to pay all amounts mentioned above, the Company may recover SAR 56,200,000 for Zakat liability and SAR 700,000 for tax liability from the Founding Shareholders.

The Company has not made any provisioning in its financial statements for the payment demands listed above. As such, if the Company does not prevail in any of the above and is required and asked to pay all or part of the required amount, this may have a material adverse impact on the Company's business, operations, financial position, cash flows and future prospects.

For more information, please refer to Section (10.12) "The Zakat and Tax Status of the Company".

2.1.16 Risks Relating to RAWEC

The Company owns 1% of the shares in RAWEC. RAWEC was established to build, own, and operate the IWSPP. The sole purpose of the IWSPP is to provide essential utilities; electricity, steam and water to the Company. For further details regarding the risks relating to reliance on utilities, please refer to Section (2.1.7) "Risks Relating to Third Party Utility Supply".

Although the Company is dependent on RAWEC to provide utilities, the Company does not control RAWEC nor does it have a substantial shareholding in RAWEC. The other shareholders of RAWEC might be able to control the operations, strategy, position and business without the approval of, or knowledge of, the Company and use such control to implement decisions and strategies that may not be in the best interest of the Company, which could have a material adverse impact on the Company's business, operations, financial position, cash flows and future prospects.

2.1.17 Risks Relating to Litigation and Disputes

As at the date of this Prospectus, there is only one ongoing case filed against the Company (as the defendant) with amount in dispute of approximately SAR 317,980,134.78. Furthermore, as of the date of this Prospectus, there are no ongoing cases filed by the Company as claimant. For more information about ongoing claims by and against the Company, please refer to Section (10.7) "Disputes" of this Prospectus.

The Company did not make a provision in its financial statements with respect to the aforementioned case. Therefore, given that there is no guarantee that the outcome of such dispute will be in the interest of the Company, if the Company ends up paying all or part of the claimed amount, this will have a material adverse impact on the Company's business, operations, financial position, cash flows and future prospects.



Furthermore, many aspects of the Company's business involve potential litigation risks. These risks include, amongst others, potential liability from disputes over contractual claims, environmental disputes, regulatory disputes, labor conflict and disputes, and others. Therefore, the Company may face claims, suits and judicial and administrative proceedings as a result of liability arising from its business, operations or products. The Company is always exposed to the risk of litigation in the ordinary course of its business.

The Company may become subject to judicial or administrative action that results in a judgment or set of judgments against the Company. An adverse resolution of any lawsuit or claim against the Company may require it to pay substantial damages or impose material restrictions on how the Company can conduct its business going forward. If these events were to occur, this would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

The Company could also incur significant expenses defending claims, even those in which it prevails and those which are frivolous or vexatious and without merit. This could also have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.18 Risks Relating to Regulatory Investigations and Penalties

The Company is heavily regulated by different regulators in the Kingdom, and may be subject to penalties and/or fines from time to time in the ordinary course of its business. The Company may also be subject to regulatory investigations from the relevant government authorities, and such investigation may result in the imposition of substantial fines and penalties on the Company or may impose regulatory restrictions and cause interruption to the Company's operations. For more details about fines and penalties imposed on the Company, please review Section (10.8) "Penalties" of this Prospectus.

If substantial fines are imposed, or if regulatory restrictions or other sanctions are imposed, this will impose additional costs on the Company in addition to the possibility of interrupting the Company's business and operations. If such risks materialize, this would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.19 Risks Relating to Compliance with the CMA Rules

Given that the Company is a listed company, the Company is subject to the CMA rules and regulations including the Corporate Governance Regulations and the Rules on the Offer of Securities and Continuing Obligations which regulates the internal governance of the Company, disclosure and shareholders' rights, amongst other matters.

The CMA rules include specific and detailed obligations on all listed companies, the violation of which subjects the relevant company to a number of penalties by the CMA. The Company is not in full compliance with the CMA rules and regulations, including not having specific required internal policies e.g., competition standards, the general assembly procedures, the board membership policy and board procedures. Furthermore, the Company might not be in full compliance with these rules from time to time and there is no guarantee that the Company will not be in violation of the CMA rules in the future.

The non-compliance with the CMA rules by the Company might subject the Company to penalties by the CMA, including fines, and reputational damages, which may have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.20 Risks Relating to Implementing the Company's Strategy

The Company's ability to succeed, increase its revenues and improve its profitability depends on the effective implementation of its business plans and the successful implementation of its strategy, such as for example, but not limited to, improving existing production lines or expanding into new products and markets.

The Company's ability to expand its business in the future depends on its ability to continue implementing and improving the operational, financial and administrative information systems in an efficient and timely manner, as well as on its ability to increase, train, motivate and manage its workforce. Moreover, any business expansion plans that the Company intends to undertake in the future will be subject to the risk of cost overruns and delays. If the Company is not able to implement the expansion plans according to the schedule set for them or in accordance with the estimated costs or if the projected profitability of any expansion plan is not achieved (for example, because of a change in the markets or a defect in the feasibility study), this could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.



The Company's ability to implement its current strategy is subject to various factors, including what is outside its control such as economic, political and regulatory conditions. In the event that the Company fails to implement any material part of its strategy for any reason, this will have a material adverse impact on the Company's business, the results of its operations, its financial position and its prospects. The Company may need to rely on additional sources of human capital, technologies and financing in order to execute its strategy and these sources may not be available on acceptable terms or at all.

If the Company is not successful in pursuing its strategic goals or the expected outcomes from the implementation of its strategy are not achieved for any other reason, its business, operations, financial position, cash flows and future prospects could be adversely affected.

2.1.21 Risks Relating to Debt Repayment

The Company's debt service coverage ratio reached (0.09), (0.07), (0.02) and (0.12) as of 31 December 2018, 31 December 2019, 31 December 2020 and 30 September 2021, respectively. The Company is subject to certain financial covenants and other restrictive covenants under the terms of its indebtedness that limit its ability to, among other things, declare dividends, borrow money, create liens, give guarantees or sell or otherwise dispose of assets. The terms of the Company's indebtedness also require it to operate within certain specified financial ratios. The covenants restrict the Company from certain actions, the restriction of which might affect the Company's operations and its ability to expand its activities.

The Company intends to use the proceeds from the Offering, after deducting Offering expenses, to repay amounts due under the Rabigh 1 Shareholder Loan Agreement and partially pay the Equity Bridge Loans and bring down the Company's debt levels, in line with the Company's views of the long-term sustainable structure. For more details regarding the use of proceeds, please refer to Section (7) "**Use of Proceeds**". However, the Company will still have significant indebtedness following the completion of the Offering, including loans and borrowings and finance lease liabilities. For more details regarding the equity and debt ratios following the rights issue, please refer to Section (7) "**Use of Proceeds**".

Furthermore, significant operational or financial difficulties in the future may cause the Company to breach its financial covenants or other provisions or curtails the Company's ability to pay amounts due under these agreements for any reason, which would give rise to an event default under the terms of the Company's indebtedness. This would allow the lenders to demand immediate early repayment of the relevant loans and enable them to enforce their security if the outstanding amount is not repaid in full (including possible exercise of their rights to step in and operate the Petro Rabigh Project through a nominated agent or sell the Petro Rabigh Project to third parties). If the Company breaches any of its financial covenants or if the Company is not able to repay the loans for any reason under one financing, the Company might be in breach of other financing arrangements by virtue of a cross-default clause; which could create further indebtedness and risk.

Additionally, the Company's operations may require the Company to seek additional financing in the future. In the event the Company is not able to obtain such financing, this might affect the Company's ability to conduct its business in accordance with its strategy which will in turn affect the Company's business and future prospects adversely.

If any of the above materializes, the Company might be required to repay the loans immediately or secure financing by other means which might not be possible or might entail high cost and high interest rate, which would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.22 Risks Relating to Revenues Concentration

The Company has a significant proportion of its operations in, and revenue from, the Kingdom, and all of the Company's fixed assets are in the Kingdom. Accordingly, the Company's business operations and financial performance will continue to be generally and materially affected by the financial, political and general economic conditions prevailing from time to time in the Middle East generally, and the Kingdom specifically. These markets are subject to risks including in some cases significant legal, economic and political risks and any factor affecting these will materially affect the Company given the concentration of revenue and assets. The below table shows revenue break-down geography (in-Kingdom vs. outside of the Kingdom) by product type.



REFINED PRODUCTS								
	2018		2019		2020		9m 2021	
	SAR in MM	%	SAR in MM	%	SAR in MM	%	SAR in MM	%
Inside KSA	24,149	77%	23,657	91%	11,088	84%	13,900	71%
Outside KSA	7,298	23%	2,220	9%	2,126	16%	5,767	29%
	31,447	100%	25,877	100%	13,214	100%	19,667	100%
PETROCHEMICAL PRODUCTS								
	2018		2019		2020		9m 2021	
	SAR in MM	%	SAR in MM	%	SAR in MM	%	SAR in MM	%
Inside KSA	592	6%	613	7%	568	7%	957	7%
Outside KSA	8,959	94%	7,572	93%	8,088	93%	11,898	93%
	9,551	100%	8,185	100%	8,656	100%	12,855	100%

Source: Company

Whilst the Kingdom aims to diversify its economy away from depending on natural resources by attracting foreign investment, reducing spending and gradually lifting the government subsidies, the oil and gas industry continues to dominate the Kingdom's economy. Declines in international prices for hydrocarbon products would adversely affect the Kingdom's economy which, in turn, will have an adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Additionally, the Company's key products which may be impacted by fluctuations in international oil prices include diesel and fuel oil within the refined products segments and the polymer and monomer categories within the petrochemical segment. Diesel contributed to 33.6%, 39.0%, 41.8% and 39.2% of total refined product sales in the financial years ended 31 December 2018G, 2019G, 2020G and the 9 months ended 30 September 2021G respectively, while fuel sales represented 27.9%, 26.7%, 23.4% and 23.3% of total refined product sales during the same period. Similarly, polymers contributed to 58.9%, 65.2%, 47.9% and 42.0% of total petrochemical sales in the financial years ended 31 December 2018G, 2019G, 2020G and the 9 months ended 30 September 2021G respectively, while monomers represented 36.1%, 36.1%, 47.3% and 47.0% of total petrochemical sales during the same period. Significant demand and prices fluctuations in the aforementioned product categories, given the sales concentration, will have an adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.23 Risks Relating to the Company's Accumulated Losses

The Company's accumulated losses at of 31 December 2021 was 8.01% of the Company's share capital. There is no guarantee that the Company will not incur losses in the future or that it will be able to recover such losses in the event that they are incurred. Accumulated losses affect the Company's ability to declare dividends and to satisfy its obligations. Furthermore, if the Company's accumulated losses reached 20% or more of the Company's capital, the Company will be subject to the CMA's "Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital" which imposes requirements on the Company including public disclosures.

Additionally, if such accumulated losses reach 50% of the Company's losses, the Company will be subject to more stringent requirements as described in Article 150 of the Companies Law where the Company's management or its auditor, as soon as they become aware of such losses, must inform the chairman of the board, who must directly inform the board. Within 15 days, the board must call an extraordinary general assembly to meet within 45 days to decide whether to increase or decrease the capital of the Company so that the losses become less than half of the share capital of the Company. Article 150 provides that the Company will be deemed dissolved by the force of law if: (i) the general assembly does not meet within the specified time period; (ii) the general assembly fails to issue a resolution to increase or decrease the capital of the company; or (iii) the general assembly resolves to increase the share capital and subscription to the new shares does not occur within 90 days from the date of the resolution to increase the share capital.



If any of the foregoing materializes, this will affect the availability of liquidity necessary for the Company's business and expansion plans, and it would have a material adverse effect on its business, operations, financial position, cash flows and future prospects.

2.1.24 Risks Relating to Misconduct and Errors by Employees

The Company is exposed to the risk of errors, fraud or misconduct by its employees which could subject the Company to financial claims for negligence or otherwise, reputational harm as well as regulatory actions. The Company's employees could execute transactions that may present unacceptable risks to the Company or divert funds from the Company, could act without proper authorization, could commit mistakes or illegal actions. In addition, employees of the Company could use Company's confidential information for personal or other improper purposes, as well as misrepresent or conceal improper activities from the Company.

The Company may not always be able to prevent its employees from committing such acts that lead to serious errors or ensure that they comply with the Company internal regulations. The Company does not guarantee that its corporate governance and compliance policies will protect it from its employees' misconduct. Any of these acts may cause the Company to incur losses, fines or financial liabilities, or may result in damage to the Company's reputation.

Any material misconduct or errors by the Company's employees, would have a material adverse impact on the Company's business, operations, financial position, cash flows and future prospects.

2.1.25 Risks Relating to Insurance Coverage

The Company, as a participant in the refining and petrochemical industries, may become subject to liability for hazards that cannot be insured against. The insurance may not be sufficient to cover all cases or all the risks to which the Company may be exposed. There may be events in the future where the Company's insurance does not cover all the potential losses, or it may not be insured against them at all. Also, the insurance policies purchased, similar to all insurance policies, contain certain standard exclusions and limitations, which could potentially leave the Company exposed to liability. Accordingly, losses from uninsured risks may cause the Company to incur costs that could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Also, if the insurance policies are not renewed within the current scope of coverage and under commercially acceptable terms, or if they are not renewed at all, or if the insurance policies required contractually under the Senior Finance Documents and/or the WECA are not obtained or renewed in accordance with their respective terms, or if there is no insurance or insufficient insurance for the different fields of the Company's business, and in each case, the Company suffers a substantial loss for which it does not have sufficient financial reserves, this would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

For more details about insurance policies held by the Company, please refer to Section (10.9) "Insurance" of this Prospectus.

2.1.26 Risks Relating to Related Party Transactions

The Company maintains ongoing and close business relationships with several Related Parties, and in particular the Founding Shareholders and their affiliates. Subject to the CMA's regulations, the Company must disclose such transactions pursuant to the disclosure requirements set forth by the relevant regulations and have these agreements reviewed by the Audit Committee. If the Company fails to disclose its Related Party Transactions as prescribed by relevant regulations, or fails to properly internally review such transactions, penalties may be imposed by the CMA.

Given the Company's significant reliance on each of the Founding Shareholders, the Company has entered into a large volume of complex transactions and arrangements with the Founding Shareholders and their affiliates (see Section (2.1.2) "Risks Relating to Reliance on the Founding Shareholders"), including several which were entered into at the time of the establishment of the Company.

The total net revenue from related party transactions is SAR 39,919 million (representing 97% of the total net revenue), SAR 33,833 million (representing 99% of the total net revenue), SAR 21,358 million (representing 98% of the total net revenue) and SAR 31,729 million (representing 98% of the total net revenue), as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 September 2021, respectively, representing.



Given the evolving standards of governance over time, including the introduction of the Corporate Governance Regulations in 2017 and the unique and complex nature of these arrangements, assessing such transactions may be challenging from time to time. Accordingly, there can be no assurance that all such related party transactions are conducted on an arm's length basis or are in the best interest of the Company; which may result in a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

The Company's failure to identify Related Parties, or its failure to understand the surrounding regulatory framework may affect its ability to comply with regulatory obligations to monitor such transactions, ensure their review by the Audit Committee and disclosure, which may result in the Company facing several risks which include penalties imposed by the CMA, failure to ensure that these transactions are in the best interest of the Company and such risks may have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

The Company's future success is also dependent on the continuation of its business relationships with the Related Parties it contracts with. The expiry or termination of any material Related Party contract or relationship would adversely and materially affect the Company's business, operations, financial position, cash flows and future prospects. There can be no guarantee that the Company will be able to renew its contracts with such Related Parties when terminated or that it will be able to renew it on similar or better terms. If any such Related Parties do not renew the agreements entered into with the Company or renew these agreements but under conditions that are not in line with the Company's objectives, this would adversely affect the Company's business, operations, financial position, cash flows and future prospects.

2.1.27 Risks Relating to Conflict of Interest by Directors

Pursuant to Article (71) of the Companies Law, a member of the board of directors may not have any direct or indirect interest in the transactions or business made for the account of the company, except with a permission from the ordinary general assembly, in accordance with the regulations issued by the competent authorities. A member of the board of directors must notify the board of directors of any direct or indirect interest in the transactions or business made for the account of the company, such notice shall be recorded in the minutes of the meeting. The conflicted member may not vote on a resolution issued on this matter by the board of directors and general assemblies. The chairman of the board of directors must notify the ordinary general assembly, when convened, of the businesses and contracts in which a board member may have a direct or indirect interest. This notice must be accompanied by a special report prepared by the external auditor of the company. Furthermore, Article (71) of the Companies Law states that if a board member fails to disclose interest, then the company or any stakeholder may claim before the competent judicial authority to invalidate the contract or oblige the board member to repay any profit or interest arising therefrom.

The Company's board members have an interest in multiple contracts entered into by the Company, and have obtained the general assembly approval on the majority of these contracts except for a number of contracts for which approval has not yet been obtained and the Company will present them to the general assembly for approval. For more details regarding such contracts, please review Section (10.4.1) "**Agreements with Related Parties**".

In case any of the Company's board members fail to disclose any interest in a contract or business for the Company or fail to obtain the ordinary general assembly's approval, penalties might be imposed on the Company and the director as prescribed by the Companies Law and the CMA's regulation, in addition to the stakeholder's ability to invalidate the contract which may have material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.28 Risks Relating to Competition by the Directors and Employees

Pursuant to Article (72) of the Companies Law, a member of the board of directors may not engage in any business that may compete with the Company or compete with the Company in any segment of its business. In the case of a breach of this article, the Company would have the right to claim appropriate damages from the directors before the competent judicial authority unless the competition was approved by the ordinary general assembly, in accordance with the regulations issued by the competent authority.

The risks that arise as a result of board directors or employees participating in businesses that competes with the Company's business can include the ability to influence the Company and the board of director's decisions, access the internal information of the Company, and the use of such information for their own interests or in contradiction with the Company's interests and objectives. The Company cannot guarantee that its board of directors and employees will not participate in businesses that are considered to be in competition with its activities, or that the relevant board director will disclose and obtain the ordinary general assembly's approval; which could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.1.29 Risks Relating to Liquidity

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's liquidity ratio is 0.59:1, 0.47:1, 0.41:1 and 0.65:1 as at 31 December 2018, 31 December 2019G, 31 December 2020G and 30 September 2021G, respectively. (For more information regarding the Company's liquidity, financial liabilities age and other analysis, please refer to Section (4.2.6) "**Competitive Cost and Cash Positioning Relative to Global Petrochemicals Producers**").

The Company's failure to manage its liquidity efficiently and properly, or conditions outside of its control emerging which might affect the Company's liquidity; might result in the Company not being able to comply with its due obligations, and the need to liquidate any assets or reschedule payments or secure alternative financing with high cost; all of which would have an adverse effect on Company's business, operations, financial position, cash flows and future prospects.

2.1.30 Risks Relating to Credit and Collection

The Company's business depends on its ability to receive on a timely basis the amounts owed to it. As at 31 December 2018, 31 December 2019G, 31 December 2020G and 30 September 2021G, expected credit losses accounted for 0.47%, 0.53%, 0.71% and 0.39% of the total trade receivables, respectively.

Saudi Aramco, its affiliates and SCA together represented 98.6%, 99.9%, 97.4%, 99.0% of the Company's trade receivables as at the end of the financial years ended 31 December 2018G, 2019G and 2020G as well as the nine months ended 30 September 2021G, respectively.

Trade receivables over forty-five (45) days past due amounted to SAR 59.2 million (representing 1% of total receivables), SAR 440.3 million (representing 8% of total receivables), SAR 276.7 million (representing 7% of total receivables) and SAR 342.6 million (representing 5% of total receivables), as at 31 December 2018, 31 December 2019G, 31 December 2020G and 30 September 2021G, respectively.

The Company does not obtain collateral over receivables, and as such, it may face risks relating to credit and collection when certain parties with which it is dealing fail to fulfill their obligations towards the Company. Further, the contractual arrangements with each of the marketing companies provide the Company with a mechanism to collect any outstanding receivables which may be disputed in the normal course of business. The failure of the Company to collect receivables due to it, could have a material adverse effect on the Company's results of operations, cash flows and ability to service debt.

2.1.31 Risks Relating to Product Quality

The quality of products produced by the Company depends on the effectiveness of the quality control system, which in turn depends on a number of factors, including the design of the system, the training program on quality control and ensuring that employees adhere to quality control policies and standards. The Company cannot guarantee that such systems will run effectively, and that the product quality will maintain at its current level.

The failure of the Company to maintain the level and quality of the products it provides will negatively affect its reputation in the market and among its customers and might result in their reluctance to deal with the Company and weaken its ability to maintain its competitive advantage. In addition, if the Company's loses the quality certificates that are in its possession, it might affect the volume of demand on the Company's products. If either of these circumstances occur, it will have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2 Risks Relating to the Market

2.2.1 Risks Relating to Feedstock Supply and Pricing

The Company's operations, business and success is dependent on receiving feedstock, mainly crude oil, butane, ethane and sales gas. Therefore, any factor that affects the price, supply, availability and condition of this feedstock may have a direct impact on the Company's business, operations, financial position, cash flows and future prospects.

Crude oil supply and demand and the sales price for crude oil are affected by many factors that are beyond the Company's control, including but not limited to, market expectations of future supply and demand, global economic and political conditions, decisions of production levels by the OPEC member states, exploration of new sources including alternative green power and other factors. The fluctuation in the feedstock price can increase the Company's costs and therefore directly affect its financial results. The Government regulates the prices of ethane and butane and sales gas, three of the Company's principal feedstock supplies. There is therefore a risk that the Government may increase these regulated prices. For example, in accordance with the feedstock supply agreement with Saudi Aramco, ethane prices were initially set at USD 0.75 per unit. However, in 2016G, in accordance with a Ministry of Energy directive, ethane prices were increased to USD 1.75 per unit, an increase of 133%. There may be further such price increases of ethane, butane and/or other feedstock. Any such increases in the future, which the Company cannot predict or control, may result in a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Feedstock supply is affected by a number of factors, including but not limited to, Government action, such as the issuance or promulgation of laws, rules, and orders resulting in an impact on the feedstock allocated for supply to the Company; changes in economic conditions and policies in the Kingdom; the quantity of gas or similar resource actually available, expected or unexpected interruptions in the operations of feedstock explorations, any factor affecting the business, operations and supply chain of Saudi Aramco (being the main feedstock supplier) and other factors.

The materialization of any of these risks could have a material adverse effect on the Company's planned production operations and performance and sales commitments, thus having a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.2 Risks Relating to Competition

The Company operates in a market that is highly competitive and governed by many factors which include global supply and demand.

As the refining and petrochemical industries propelled a growth in the number of companies operating in the Kingdom, there can be no assurance that Petro Rabigh will be able to compete effectively against current and future competitors. Changes in the competitive environment may result in price reductions, increased costs or loss of market share, any of which could adversely affect the Company's profit margins. For example, some of the Company's competitors may manufacture similar products more economically and maintain significantly greater operating and financial flexibility than the Company, competitors might be able to develop new technologies that advance their position in the market. Furthermore, those competitors may be better positioned to withstand changes in conditions within the industry, prices of certain raw materials and power, and general economic conditions.

Additionally, the pricing, marketing and other decisions of competing producers could adversely affect the Company's margins and profitability. Additionally, there is a risk that export markets (especially large ones such as China and India) may attain greater self-sufficiency in the production of certain petrochemical products, which could increase competition for the Company and reduce its access to those export markets.

The materialization of any of these risks could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.3 Risks Relating to Product Prices

The Company operates in commodity markets that are driven mainly by global supply and demand and are highly affected by the volatility in the global price of oil and gas. As such, the Company's operating results and financial condition depend substantially upon prevailing prices of refined and petrochemical products (For more details regarding products analysis, please refer to sections 3.5.2, 3.5.3 for refined product and 3.6.1 for petrochemical products).

The refining and petrochemicals industry is inherently volatile and cyclical. Refined and petrochemical products' prices have fluctuated considerably in recent years as a result of many factors, including demand for oil and gas, global production and storage capacity, changes in governmental regulations, weather, international armed conflict, terrorism, general economic conditions, pandemic and competition from other energy sources. Actual changes in the market conditions and oil and gas prices in the region or elsewhere may affect the Company's business, operations, financial position, cash flows and future prospects.

Additionally, although historically there has been a reasonably strong correlation between benchmark prices for crude oil on one hand and refined products and petrochemical prices on the other, those prices may not remain at current levels. There can be no assurance that this will or will not be the case with petrochemical prices since all of these factors are outside of the control of the Company. A decline in refined products and petrochemical prices would adversely affect the Company's business, operations, financial position, cash flows and future prospects.

2.2.4 Risks Relating to Utilities Supply and Prices

The Company receives its electricity and water supply from RAWEC. Therefore, any factor affecting the prices and/or the supply of these utilities or RAWEC will have a direct impact on the Company's operations, business, financial results and prospects. For further details regarding the risks relating to the arrangement with RAWEC, please refer to Section (2.1.7) "**Risks Relating to Third Party Utility Supply**".

While RAWEC operates on a fixed margin which increases only in line with inflation, there is a risk that the regulated electricity, steam and water rates may increase as inflation significantly increases, which may result in increased cost on the Company.

Furthermore, RAWEC's operations may be interrupted or completely cease, which would affect the supply of steam water and electricity to the Company. This can be due to various factors including RAWEC's suppliers and service providers' failure to adhere to their contractual obligations, employee error, natural disasters, planned or unplanned equipment or facilities shutdown, lack of cash flow or even bankruptcy.

Therefore, any of the above factors materializing would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.5 Risks Relating to the Saudi Arabian and Global Economy

The Company's performance depends heavily and primarily on economic conditions in the Kingdom as its revenue from the Kingdom is substantial (please see table below).

Despite its growth in other sectors and the diversification of the national economy pursuant to the Kingdom's Vision 2030 program, the impact of the price of oil, gas and similar natural resources in the global markets remains an important factor in the economy of the Kingdom, and therefore a decline in the prices of oil and gas could substantially slow down or disrupt the economy of the Kingdom.

Any seasonal, expected or unexpected negative change in the economic conditions in the Kingdom will negatively affect the cost the Company has to incur, the feedstock supply the Company is receiving, and the prices the Company can charge for its products as well as other aspects of the Company's operations. Therefore, any such change in economic conditions will have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Furthermore, the Company sells products internationally through marketers. The below table shows the revenue from each market per product type:

	2018		2019		2020		Sep-21	
	SAR in MM	%	SAR in MM	%	SAR in MM	%	SAR in MM	%
REFINED PRODUCTS								
Asia	2,329	7%	1,672	6%	637	5%	1,252	6%
Saudi Arabia	24,149	77%	23,657	91%	11,088	84%	13,900	71%
Europe	2,854	9%	139	1%	247	2%	350	2%
Turkey and Africa	383	1%	152	1%	476	4%	2,661	14%
India	277	1%	-	0%	2	0%	154	1%
Others	1,455	5%	257	1%	764	6%	1,350	7%
Total	31,447	100%	25,877	100%	13,214	100%	19,667	100%
PETROCHEMICAL PRODUCTS								
Asia	6,915	72%	4,863	59%	5,679	66%	7,033	55%
Saudi Arabia	592	6%	613	7%	568	7%	957	7%
Europe	421	4%	761	9%	897	10%	1,634	13%
Turkey and Africa	802	8%	1,180	14%	539	6%	1,217	9%
India	521	5%	731	9%	314	4%	706	5%
Others	300	3%	37	0%	659	8%	1,308	10%
Total	9,551	100%	8,185	100%	8,656	100%	12,855	100%

Source: The Company

Therefore, the Company's operation, financial condition, results of operations and cash flows are directly linked to the economies of these markets.

Although there are risks and factors affecting the global economy at large, each one of these markets has factors which specifically affect it. Any slowdown in the global economy or in the economies in these markets, in addition to any sanctions, trade restrictions, antitrust restrictions, boycotts, procedures, currency changes, wars or any other factors that could impact the economies of key markets will have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.6 Risks Relating to the COVID-19 Pandemic

The coronavirus (COVID-19) pandemic has created economic and financial disruptions globally and has led governmental authorities to take unprecedented measures to mitigate the spread of the disease, including travel bans, border closings, business closures, quarantines and shelter-in-place orders, and to take actions designed to stabilize markets and promote economic growth.

The Company's operations and financial position was severely affected by the COVID-19 pandemic as it resulted in lower refinery and petrochemical margins and in challenging market conditions, mainly in the first three quarters of the financial year 2020 as the Company suffered losses of approximately SAR 1,796,830,000 in Q1, SAR 1,435,094,000 in Q2 and 609,803,000 in Q3 of the year 2020.

While the Company has taken preventive measures and implemented contingency plans to reduce the negative impact from COVID-19, the Company cannot give any assurance that such measures will adequately protect its business, and an extended period of remote work arrangements in the future may increase existing or create new risks, including, but not limited to, cybersecurity risk, and could place stress on the Company's technological resources and business continuity plans. Additionally, the COVID-19 pandemic's effect on third-party vendors and other counterparties of the Company and their ability to comply with their obligations towards the Company due to a force majeure or experiencing operational failures as a result of the COVID-19 pandemic, could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.



The extent of the impact of the COVID-19 pandemic on the Company's business, operations, financial position, cash flows and future prospects will depend largely on future developments, including, amongst other things, the widespread distribution, acceptance and effectiveness of one of more vaccines and curing medicines. The world has not yet fully recovered from the effect of COVID-19 and the Company cannot yet isolate and quantify the loss suffered as a result.

A prolonged and sustained economic downturn could have an adverse effect on the movement of global trade in general, and specifically on the Company's revenues if such adverse effect results in a decline in demand for the Company's products. The COVID-19 pandemic could also have an adverse impact on the Company's customers' businesses and ability to trade including global supply chains, and the resulting impact on the Company's business will depend on future developments, which are highly uncertain and cannot be predicted.

While governmental organizations are engaging in efforts to combat the spread and severity of COVID-19, these measures may not be as effective as expected. Moreover, actions taken by governmental authorities that are intended to improve the macroeconomic or other effects of COVID-19, may in the future result in regulatory uncertainty and could in turn have a material adverse effect on the Company's business. At this time, the Company cannot predict how regulatory responses to concerns about COVID-19 will impact the Company's business, operations, financial position, cash flows and future prospects.

2.2.7 Risks Relating to Political Instability and Social Instability

The Company's fixed assets and operations are situated in the Kingdom. Furthermore, the Company sells its products through marketers internationally including in Asia, Africa, Turkey, India, Europe and other countries and areas.

As such, the Company is subject to geopolitical and political risks in these countries and those it intends to expand to. The risks which affect the economy of these countries and the investments in them may affect the Company's business, operations, financial position, cash flows and future prospects.

Any change in the political situation in the Kingdom or the countries the products of the Company are sold in, including but not limited to, changes in governments or administrations, changes in public policy, changes in laws or incentives (including restricting foreign products or disincentivizing it), wars, geopolitical and political stability and other matters, may have an impact on the Company's business and might affect its ability to produce efficiently and profitability, affect costs, lower the profit margin, lower the demand or result in other adverse effects.

Furthermore, the relationship between the Kingdom and these countries is an important factor in the Company's ability to market its products in foreign countries. Therefore, any instability or change in the relationship – including the cut-off of ties can restrict the Company from accessing these markets and therefore directly affect the Company's business, operations, financial position, cash flows and future prospects.

Additionally, even relationships and political and geopolitical situations in the countries the Company does not operate in at all could affect the Company. For example, instability in any of the OPEC countries could have an impact on oil prices and therefore the Saudi Arabian economy and the Company's access to feedstock and cost.

Therefore, any of the above factors materializing would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.8 Risks Relating to Terrorism and Armed Conflict

Since 2017, certain areas in the Kingdom have been subject to ballistic missile and other aerial attacks, including attacks targeting Saudi Aramco facilities and other areas of the Kingdom. These attacks could target key feedstock facilities in the Kingdom as well as the Company's facilities. These attacks cause risks on human lives as well as risking business interruptions and disruptions.

Furthermore, the Company is fully dependent on Saudi Aramco in relation to its feedstock supply, consisting of crude oil, ethane, butane and sales gas. Saudi Aramco's facilities have been targeted by terrorist and other attacks, which could result in the temporary suspension of processing at Saudi Aramco's facilities and therefore could potentially reduce the overall feedstock supply by Saudi Aramco. Any such reduction could adversely impact the feedstock supplied by Saudi Aramco to the Company.

As such, any terrorist or other attacks on the Company's facilities, Saudi Aramco facilities or other areas in the Kingdom would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.9 Risk Relating to Environmental Laws and Regulations

The risks of environmental damage, such as pollution and leakage, are inherent in the petrochemical and refining industries. The Company is subject to numerous international, national and local environmental laws and regulations, as well as the requirements of the financing agreements the Company is party to, and other agreements the Company is party to, in relation to environmental compliance. These laws, regulations and requirements govern, among other things, the production process, use, disposal and transportation of hazardous materials; the emission and discharge of hazardous materials into the ground, air or water; and treatment of migratory birds and endangered and threatened animal and plant species.

The Company, pursuant to the financing arrangements entered into in relation to the Rabigh Project, must comply with the **"International Environmental Standards"**, including **"World Bank Group Pollution Prevention and Abatement Handbook, Petrochemical Manufacturing"**; **"IFC Environmental Guidelines for Occupational Health and Safety: Environmental and Social Guidelines for Occupational Health and Safety"**; and **"Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations"**. There is no assurance that the Company will continue to comply fully with applicable environmental laws, the environmental permits or the International Environmental Standards. Any non-compliance by the Company with the applicable environmental laws and standards may result in shutting-down the Company's facilities and subject the Company to fines and penalties, which could significantly affect the Company's results of operations and profitability. Also, changes to the environmental laws may give rise to additional compliance costs to be incurred by the Company which may significantly affect its results of operations and profitability.

These environmental laws, regulations and requirements are expected to become more stringent in the future and any change in environmental law and regulation may result in increased liabilities, compliance costs, capital expenditures, difficulty in the Company's ability to comply with applicable requirements or obtain financing for the Company's projects.

In connection with these environmental laws, regulations and requirements, the Company may need to obtain new or revised permits, purchase offsets or allowances, or install costly emission control technologies and such changes may have a material adverse impact on the Company's business, operations, financial position, cash flows and future prospects.

From time to time, the Company may not be in compliance with applicable environmental laws, regulations or requirements. The business of petrochemicals and refining involves certain risks, including fuel spillage or seepage, the release of hazardous materials and carbon emissions, which could result from, or lead to, the Company not being in compliance with applicable environmental laws.

Environmental incidents also introduce third party liability risks for injury, death, loss or damage. In addition, as a company operating in the refined products and petrochemical industry, the Company is exposed to risks of employee liability or third party liability for death, loss or injury arising out of or related to exposure to hazardous or otherwise dangerous substances commonly encountered in the industry. Also, as a company operating in the petrochemical field, the Company is exposed to the risks of claims brought against it with regards to exposing its employees to toxic chemical substances. The Company could face claims in respect to the death or inquiry of persons resulting from exposure to hazardous materials associated with, or any adverse impact on the environment as a result of, its operations.

Government environmental agencies and counterparties with agreements with the Company may take action against the Company for any failure to comply with applicable laws, regulations or requirements. Such actions could lead to, among other things, the imposition of fines, liabilities or capital improvements, revocation of licenses, suspension of operations, imposition of criminal liability or reputational harm to the Company.

Environmental laws, regulations and requirements can also impose joint, several and strict liability for the environmental remediation of releases and discharges of hazardous materials and wastes at the Company's owned, leased and operated sites and at third-party sites to which the Company has sent waste, and could require the Company to incur significant costs for natural resource damages, investigating or remediating resulting contamination or indemnifying or reimbursing third parties for the same. Locations at which the Company operates may be, or have been in the past, contaminated with hazardous materials, resulting in a potential liability to investigate or remediate them, as well as for claims of alleged harm to persons, property or natural resources. If any of these risks materialize, this could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.10 Risks Relating to Health, Safety and Security Standards and Measures

The Company is subject to applicable health, safety and security regulations that set various standards for regulating certain aspects of health, safety and security quality and impose civil and criminal penalties and other liabilities for any violations. The use of machinery and high-voltage equipment is inherent in the Company's business, and may involve significant health and safety risks. Potential health, safety and security events that may materially impact the Company's operations include fires, flooding, explosions, light vehicle incidents, falls from height, personal injuries and fatalities, electrocutions, incidents involving equipment and emissions of harmful gases or chemicals. Fatalities, or serious injury, to employees or site contractors may occur due to these or other factors.

Petro Rabigh's safety performance record for the year 2020 was a Total Recordable Injury Rate (TRIR) of 0.11, and also a Process Safety Total Incident Rate (PSTIR) of 0.01. Nevertheless, there can be no guarantee that the Company will be in compliance with all applicable health, safety and security regulations in force in the future. Should the Company fail to comply with any such regulations, it may be liable for penalties and/or the consequences of default under any contractual obligations requiring it to comply with applicable regulations. Such accidents could result in a material reputational impact on the Company and adversely impact its business, operations, financial position, cash flows and future prospects.

In addition, relevant authorities may enforce existing regulations, including health, safety and security laws and regulations, more strictly than they have done in the past and may in the future impose stricter standards, or higher levels of fines and penalties for violations, than those which are in effect at present. Accordingly, the Company is unable to estimate the future financial impact of compliance with, or the cost of a violation of, any applicable regulations.

In addition, the Company's costs and management time required to comply with internationally recognized standards of social responsibility and sustainability are expected to increase over time.

Any occurrence of loss of life or serious injury to the Company's employees as a result of any breach of applicable safety legislation may result in a disruption to the Company's operations or cause reputational harm, and significant liability could be imposed for damages, penalties and/or compensation as a result. Major incidents could also be picked up and reported by the media thus adversely affecting the Company's reputation.

If any of the above risks were to materialize, this could materially and adversely affect the Company's business, operations, financial position, cash flows and future prospects.

2.2.11 Risks Relating to Macroeconomic Factors and Currencies

Any negative change in one or more macroeconomic factors, such as the exchange rate, interest rates, inflation, wage levels, foreign investment and international trade, could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects (For more details on the market, please refer to Section (3) "Market Overview").

The Company's transactions, including the purchase of feedstock and sale of products, are principally in US Dollars. However, the Company reports in Saudi Riyals. Currently, the Saudi Riyal is pegged to the US Dollar at a fixed exchange rate of USD 1/ SAR 3.75, which has been maintained at the same rate since 1986G. However, there can be no guarantee that the exchange rate with the US Dollar will be maintained in the future, or that the peg will retain its current rate. Any de-pegging of the Saudi Riyal from the US Dollar, or re-pegging at a different rate, could result in significant fluctuations and revaluation of the Saudi Riyal against the US Dollar, which would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.12 Risks Relating to Regulators' Supervision

The Company is under the supervision of multiple regulators in the Kingdom, including the Ministry of Energy, the Ministry of Industry and Mineral Resources, the Ministry of Commerce, the CMA and Tadawul. The Company might also be subject to international laws and regulations, including anti-dumping or any other international trade barrier petitioned or implemented by importing countries, customs law, and other environmental laws and regulations. Both Kingdom and international laws and regulations are subject to change, with or without notice.

This in itself has a high compliance cost, but also puts the Company under multiple rigid requirements and reporting requirements, which have a high cost and impose restrictions on business. Furthermore, given the number of requirements, the risk of breach also heightens. Given the rigid and heavy supervisory environment the Company is subject to, the Company may not be found in compliance at all times.

If the Company is found to be non-compliant by any regulator, the relevant regulator can sanction, withdraw the license, investigate and carry other actions which could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.13 Risks Relating to Changes in Laws and Regulations

The Company is subject to laws and regulations in the Kingdom, including energy, petrochemicals, governance, environmental, and other laws. The Company might also be subject to international laws and regulations, including anti-dumping, customs laws or any other international trade barrier petitioned or implemented by importing countries, and other environmental laws and regulations. Both the Kingdom's and international laws and regulations are subject to change, with or without notice.

For example, in 2020G, the IMO implemented new regulations limiting the permitted levels of Sulphur in fuel oil to 0.50% for bunker fuel. HSFO represents approximately 26% by volume of the Company's refined oil sales for the nine-month period ended 30 September 2021. Unless the Company is able to reduce the level of Sulphur in the fuel oil it produces, the sale price for fuel oil may decline, which would result in a material adverse effect on the Company's operations, financial position, results of operations, cash flows and prospects.

The Company, as a listed company, is subject to CMA's legal requirements, which are imposed on companies listed on the Exchange, including disclosure and corporate governance requirements and other continuous obligations.

Any violation by the Company of any of the multiple legal requirements to which it is subject will expose the Company to procedures and sanctions that may be taken against it by the concerned authorities, including fines and other sanctions in specific cases, such as the suspension or withdrawal of licenses and permits. Therefore, the Company's non-compliance with legal requirements could have an adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Any change to the regulatory framework in which the Company operates, including the amendment of existing laws or the introduction of new ones, could result in costs being incurred by the Company to comply with such new laws, reduction in margins, difficulties in operations or even non-compliance if the Company fails to comply with any new or newly amended law. This could have an adverse impact on the operations of the Company and its profit margins and could lead to penalties being imposed, business interruption or other matters. If any of these materialized, it would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.14 Risks Relating to Continuous Reporting

The Company is required to announce its quarterly and annual financial statements and the Board report within the time period determined under the CMA rules, as well as to disclose any material information as soon as it occurs. The Company may be subject to penalties and fines if it does not meet the requirements of the CMA rules. Further, the Company is required to make various other periodic and ad-hoc reporting to MISA, the MOC and other regulators. In case the Company fails to make such reporting on time and fully and accurately, penalties might be imposed by the relevant regulator including fines, which will have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.15 Risks Relating to Changes in Interest Rates

The Company's interest rate risks arise mainly from its short-term deposits, loans from banks and financial institutions and loans from Founding Shareholders, which are at floating rate of interest and are subject to re-pricing on a regular basis. The Company does not currently engage in any hedging activities. Therefore, decreases in interest rates would reduce the Company's income from short-term deposits, and increases in interest rates would increase the Company's interest expense. Any increases in interest expense would adversely affect the Company's results of operations, cash flows and ability to service debt.

2.2.16 Risks Relating to Enforcement of Foreign Judgments and Arbitral Awards and International Disputes

The Company contracts with entities not resident in the Kingdom (For further details on material contracts, please refer to Section (10.4) "**Material Contracts**"), and is a party to judicial proceedings outside of the Kingdom (For further details on disputes, please refer to Section (10.7) "**Disputes**").

Foreign judgments and arbitral awards issued in connection with certain material agreements of the Company may only be enforced in the Kingdom in accordance with the requirements of the enforcement laws applicable in the Kingdom. The enforcement courts in the Kingdom have discretion not to enforce foreign judgments and arbitral awards based on certain grounds, including violation of public policy.

Furthermore, the Company might need to litigate in courts outside of the Kingdom or enforce judgments issued in a specific country, including Saudi Arabia, in another country. Countries around the world have their own judgment enforcement mechanisms and requirements, which the Company might not always successfully be able to satisfy. In such cases, the Company might not be able to enforce judgments against parties situated outside of the Kingdom.

Therefore, the inability of the Company to enforce a material foreign judgment or arbitral award in the Kingdom or abroad, for whatever reason, would result in value lost by the Company, and therefore would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.17 Risks Relating to Competition Law and Antitrust Restrictions

The Company is subject to antitrust, unfair competitive practices and similar laws and regulations. As such, the Company may be subject to allegations of, or further regulatory investigations or proceedings into, unfair competitive practices or similar behavior. Such allegations, investigations or proceedings may require the devotion of significant management effort, time and financial resources to defending the Company. In the event that such allegations are proven, there may be significant fines, damages awards and other expenses, and the Company's reputation may be harmed, which could have a material adverse effect on its businesses.

In the Kingdom, the Competition Law seeks to protect fair competition in the Saudi Arabian markets and promote and establish market rules and free/transparent prices. In the event that the Company violates the provisions of the Competition Law and a judgment is issued against the Company with respect to such violation, the Company may be subject to significant fines at the discretion of the GAC. In addition, the GAC is entitled to request (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated violations. Moreover, defending against such proceedings may be lengthy and costly to the Company.

If any of the above risks were to materialize, this could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.18 Risks Relating to Maintenance Outage, Equipment Failure and Dysfunction and Facilities Shutdown

The operation of the Company's facilities involves risks that include the breakdown or failure of equipment or processes and performance below expected levels of output or efficiency. Equipment failures and performance issues can stem from a number of causes, including human error, lack of maintenance and general wear and tear over time. As a result, many of the Company's facilities require planned periodic major overhaul activities to avoid unplanned outages, which may also reduce the expected level of output or efficiency as well as require significant investment costs and expenses by the Company.

The Rabigh refinery has been in operation for over 30 years and there can be no assurance that malfunctions or unexpected interruptions will not occur. The operations of the Company are exposed to the risk of being brought to a halt by accidents, leaks, natural disasters, theft and failure in the performance and reliability of critical equipment and machinery as well as power, supplies, information systems and other equipment failures, and other unexpected risks outside the Company's control. There can be no assurance that the Company's business and operations could not be interrupted or materially impacted should any of these risks materialize, which would result in a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Unplanned outages of units, including extensions of scheduled outages due to mechanical failures or other problems relating to the Company's refining and productions facilities, occur from time to time and are an inherent risk of the Company's business.

The unplanned outage incidents that occurred during 2019G, 2020G and in the 9-month period that ended on 30 September 2021G were 9 incidents, 109 incidents and 79 incidents, respectively. These outages resulted in approximate opportunity cost to the Company for years 2019G, 2020G and the 9-month period that ended 30 September 2021G amounting to SAR 110,000, SAR 190,000 and SAR 290,000 respectively.

If such critical equipment failure were to occur, the Company could suffer significant losses due to the costs of repair, the potential loss in revenue during the period when the facility remains non-operational, the incurrence of liability for damages and/or other penalties and/or increased insurance costs. There can be no assurance that losses would be covered adequately by insurance that the Company has in place or by future performance. Any such failure would increase the Company's outage rates, decrease commercial availability and result in additional expenses and a prolonged failure could impact the reputation of the Company, each of which could have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

Furthermore, in case of equipment failure or need for periodic replacement and maintenance, replacement equipment or parts may be difficult to obtain in circumstances when the Company relies on a single supplier and/or a small number of suppliers of equipment or where suppliers become insolvent. The inability to obtain replacement equipment or parts may negatively impact the ability of the relevant plant to perform and could, therefore, have a material impact on the Company's business, operations, financial position, cash flows and future prospects. Moreover, where certain critical equipment needs to be replaced due to its failure or malfunctioning, this could result in significant capital expenditure for the Company, which may need to be procured by the Company if it is not covered under the supplier's warranty period or latent defect period or any property damage insurance.

In addition, the equipment at the plants, whether old or new, requires periodic upgrades, maintenance, improvement or repair. The Petro Rabigh Complex is shut down for an extended period of time for scheduled maintenance approximately every five years. The last scheduled shutdown commenced on 1 March 2020G and continued for sixty (60) days. Each regularly scheduled shutdown has the effect of decreasing the Company's production for the period during which the shutdown occurs. Depending on any issues discovered during this shutdown, there is a risk that the period may overrun, resulting in a prolonged interruption in production. In addition, there may be unscheduled shutdowns that arise from time to time which could result in a prolonged interruption in production. The Company will continue to conduct these periodic scheduled maintenances, whether per facility or the entire Rabigh Complex, in order to ensure safety and operational upkeep.

Unscheduled shutdowns materializing, including unexpected failure of equipment, including failure associated with breakdowns, outages or any unanticipated capital expenditures at the Company's facilities, planned overhauls and other risks could result in reduced revenue and profitability and jeopardize the ability of the Company to pay its debt and other obligations and make distributions.

If any of these risks materialize, this would have a material adverse effect on the Company's business, operations, financial position, cash flows and future prospects.

2.2.19 Risks Relating to Government Incentives to Industrial Projects

The Company, similar to other industrial companies in the Kingdom, may benefit from Government incentives of industrial projects, the infrastructure support, land allocation, utilities support, waiver of certain fees and other incentives from time to time. Given these incentives are not guaranteed, the Government might decide to stop some of them or stop all of them, which could increase the overall cost on the Company and could have a material adverse effect on its business, operations, financial position, cash flows and future prospects.

2.3 Risks Relating to the Rights and the Shares

2.3.1 Risks Relating to Potential Fluctuation in the Share Price

The market price of the Rights during the Trading Period may not be indicative of the market price of the Shares after the Offering. In addition, the Share price may not be stable and could be significantly affected by fluctuations resulting from market conditions in connection with the Rights or the Shares. Such fluctuations may result from many factors including, but not limited to, stock market conditions, regulatory changes affecting the petrochemical and natural gas sectors, changes in the financial sector status, poor performance of the Company, inability to execute future plans of the Company, the entry of new competitors into the market, change in the vision or estimates of experts and analysts for the securities market, and announcements by the Company or any of its competitors in relation to mergers and acquisitions transactions or strategic alliances.

The Share price will be amended by the Saudi Exchange to be SAR (18.92) per share before the start of trading on the day following the Extraordinary General Assembly Meeting relating to the Capital Increase. This amendment of Share price represents a decrease of SAR (8.08) per Share.

The selling of substantial quantities of Shares by Shareholders, or the perception that such sale may take place, could adversely affect the Share price in the market. In addition, Shareholders may be unable to sell their Shares in the market without adversely affecting the Share price.

There is no guarantee that the market price of the Shares will not be lower than the Offer Price. If this happens after the investors have subscribed for the New Shares, such subscription may not be cancelled or amended. Therefore, the investors may suffer losses. Moreover, there is no guarantee that a Shareholder will be able to sell its Shares at a price equal to or higher than the Offer Price after subscribing for the New Shares.

2.3.2 Risks Relating to Potential Fluctuations in the Price of the Rights

The market price of the Rights may be subject to considerable fluctuations due to a change in the factors affecting the price of the Shares. Such fluctuation may be considerable because of the difference between the daily fluctuation percentage allowed for the Rights compared to the daily fluctuation percentage allowed for the Shares. The Saudi Exchange and intermediaries update these percentages daily after the market closes. The trading price of the Rights depends on the trading price of the Shares and the market perception of the fair price of the Rights. These factors may also adversely affect the trading price of the Rights.

2.3.3 Risks Relating for Forward-looking Statements

Some information contained in this Prospectus may constitute 'forward-looking statements' and includes known and unknown risks and speculations which affect the Company's financial results. This information includes, by way of example, information relating to the financial position of the Company, its plans, its strategy and its future goals. The future results and performance information of the Company cannot actually be predicted, and may differ from what is set out in this Prospectus, as the achievements and ability of the Company to develop are what determine the actual results of the Company. The inaccuracy of information and results is one of the risks that Shareholders and investors must consider. In case the actual future results of the Company are different from the expected ones, this might negatively affect the Share price.

2.3.4 Risks Relating to Trading and Speculation Relating to the Rights

Speculation relating to the Rights may cause material losses. The daily fluctuation of the Rights' trading price could exceed the permitted daily fluctuation of the Shares' market price (10% upward or downward compared to the closing price of the previous trading day). There is also a direct correlation between the Share price and the Shares' indicative value. Accordingly, the daily price limits (i.e. the daily fluctuation range) for the trading of a Right will be affected by the daily price limits for trading Shares. In the event that a speculator fails to sell the Rights before the end of the Trading Period, they will have to either exercise these Rights to subscribe for New Shares or choose not to exercise such Rights. Either choice may result in the speculator incurring losses as a result of a decrease in the value of its portfolio. Thus, investors are requested review the details in full of the mechanism for listing and trading Rights and New Shares and the functioning method thereof so that each investment decision is an informed one.

2.3.5 Risks Relating to Lack of Demand for the Company's Shares

There is no guarantee that there will be sufficient demand for the Rights during the Trading Period in order to enable the holder of such Rights to sell the Rights with or without profit. There is also no guarantee that there will be sufficient demand for the Rump Shares by the Institutional Investors during the Rump Offering. If Institutional Investors do not subscribe for Rump Shares at a price higher than the Offering Price or if they do not subscribe at all, there will not be a sufficient compensation amount to be distributed to holders of Rights and those entitled to the Fractional Shares. Likewise, there is no guarantee that there will be sufficient market demand for the New Shares once they are traded on the Exchange.

2.3.6 Risks Relating to Dilution

If a Shareholders does not fully exercise its Rights by subscribing for the New Shares, its ownership percentage in the Company will decrease. In the event that the registered owner of the Rights wishes to sell their Rights during the Trading Period, there can be no assurance that the sale price will be sufficient to fully compensate the Right holder for the decrease in its shareholding percentage in the Company's capital resulting from the Offering. Additionally, there is no guarantee that any compensation will be paid to the Eligible Shareholders who do not exercise their Rights or with respect to Fractional Shares if institutional investors do not offer to acquire Rump Shares and Fractional Shares at a price in excess of the Offer Price. Any such compensation may be insufficient to compensate for the dilution.

2.3.7 Risks Relating to Failure to Exercise the Rights in a Timely Manner

The Subscription Period starts on Tuesday, 15/11/1443H (corresponding to 12/06/2022G) and ends on Sunday, 27/11/1443H (corresponding to 26/06/2022G). Right holders and financial intermediaries representing them should take the appropriate measures to comply with all required instructions prior to the expiry of the Subscription Period. If the Right holders and the financial intermediaries are not able to properly follow the procedures for the trading of the Rights, the Subscription Application may be rejected. (See Section 13 "Offering Terms and Conditions"). If the Right holders are not able to exercise their subscription rights properly by the end of the Subscription Period, then such Right holders may not be able to subscribe for New Shares and there can be no assurance that adequate compensation amount will be paid to those who fail to properly exercise their right to subscribe for New Shares.

2.3.8 Risks Relating to Offering of New Shares in the Future

The Company may in the future increase its capital by issuing additional new Shares (after completing the necessary legal procedures, including the approval of the extraordinary general assembly) to new investors or to certain current shareholders only, which would dilute the ownership of Shareholders not participating in any such capital increase and would result in decrease in the profits per Share as a result of the increase in the number of Shares.

2.3.9 Risks Relating to Dividends

Future dividends will depend on, amongst other things, the future profit, financial position, capital requirements, conditions in the Company's financing documents restricting the distribution of dividends, distributable reserves and available credit of the Company, general economic conditions and other factors that the Directors of the Company deem significant from time to time. The capital increase resulting from the Offering might reduce future profits per Share in light of dividends being distributed on more Shares as a result of the Offering. The Company does not make any assurance that any future dividends will actually be declared and paid nor does it give any assurance as to the amount of any dividend, which will be paid in any given year. Dividends distribution is also subject to restrictions in the Company's bylaws and applicable laws.

2.3.10 Risks Relating to Awareness of Rights Trading and Exercise

In 2013, the CMA, in coordination with the Exchange, developed a new mechanism for offering, registering and trading Rights as securities that allow registered shareholders to subscribe, sell rights in full or in part, or purchase additional rights, during the rights trading period in the market. The new mechanism also allows other (non-registered) investors to purchase rights from registered shareholders during the rights trading period. Even though the CMA and Tadawul have developed awareness bulletins and organized special workshops to educate investors and shareholders on how to increase capital by Rights and how to participate in investment and trading in Rights as securities similar to any other securities (shares), it may be difficult for some Shareholders to comprehend the mechanism of Rights trading, in particular the calculation of the final price and shortening the periods of subscription and trading in the Rights, thus causing the Shareholders not to make the appropriate decision in a timely manner. It should be noted that an investor who buys Rights and does not exercise his right to subscribe may be prone to lose the full amount paid for the Right if the New Shares are subscribed for by institutions at the Offer Price in the Rump Offering.

3. MARKET OVERVIEW

3.1 Macroeconomics Overview

Following a slowdown in global economic growth over 2018-2019, the global economy contracted with unprecedented severity in 2020 as the COVID pandemic spread. While global GDP dropped by 3.6 percent, most of the damage was taken in the first part of 2020, and there was a strong recovery in most regions by the latter part of the year. The last two years have seen COVID fatalities across the world as new variants have continued to spread, however containment measures and then the successful rollout of vaccines in developed and developing nations have reduced the risk to elderly populations, and many regions lifted restrictions during the summer 2021 as cases receded. It is yet to be seen whether the winter season jump in case numbers in parts of Europe convert to excessive deaths which could trigger calls for renewed lockdown.

The effects of containment measures had a rapid and profound effect on demand for transportation fuels, leading to a collapse in crude oil prices, and the accompanying economic impact on energy exporting nations. Oil prices have recovered fully however, and now trend above recent pre-COVID averages. These prices levels are expected to hold, as while OPEC+ has agreed to increase production, supply management is expected to remain till end 2022.

State recovery funding plans have been defined at the higher range of expectations, led by the United States and the European Union. President Biden's attempt to enact a multi-billion-dollar recovery plans that would prioritise massive infrastructure investment is in the early phases, accompanied by tax credits for families and other measures likely to increase employment and spending, however these efforts are facing multiple objections, including from his own party. The European Union has proposed a more modest €800 billion of recovery and resilience spending plans, but remains impacted by COVID, with lockdowns remaining a feature in the region during winter 2021. The plans center on reforms to enable the industry and economy of member states to react to changing circumstances. Some immediate economic benefit is expected, but the focus is on longer term improvement. China meanwhile continues to work on increasing self-sufficiency, while also attempting to manage a controlled reduction in debt levels in its real estate sector.

Importantly, little is heard of austerity to facilitate government debt reduction. Economic activity has effectively normalised in most developing countries, and high oil and shipping costs reflect a relatively strong year of growth in 2021.

While the world moves cautiously towards short-term recovery – in terms of both economic growth and oil consumption – the refined products market faces an increasingly uncertain long-term outlook. Oil demand will be affected by a combination of significant technological advancements in the areas of energy efficiency, vehicle fuel efficiency, electric vehicles and alternative fuels/renewable energy, government policies, and environmental regulations. How these various, interlinked influences evolve could significantly alter the outlook for refined product supply/demand, and refinery margins and investments. Most notably, very significant regulatory pressure on long-term oil demand is looming as governments around the world face up to the pressing need to implement the cuts to carbon emissions necessary to maintain temperatures within the 1.5 degrees above pre-industrial levels aspired to by the 2015 Paris Agreement.

In the run-up to the 26th UN Climate Change Conference of the Parties (COP26), held in Glasgow in November 2021, the pace of political and industry target-setting on emissions reduction accelerated significantly, with notable developments including:

- The European Union ramped up its decarbonisation targets with a view to achieving net zero emissions by 2050, including raising medium term targets, raising biofuels targets under the Renewable Energy Directive II (RED II), tightening vehicle emission standards and introducing a staggered program of mandated sustainable aviation fuel (SAF) use, all under the aegis of the "Fit for 55" program.
- Outside the EU, five countries – the United Kingdom, Japan, South Korea, Canada and New Zealand – have enshrined a net zero by 2050 target in law, while 35 have either put forward a net zero target in policy proposals or are in the process of bringing such targets into law, and a further 68 are reported to be discussing similar targets.

- Of the world's major emitters, China set out an aspiration to see peak emissions by 2030 and reach net zero by 2060, according to President Xi Jinping, although this is yet to be brought into legislation; the United States has set out a plan to reduce emissions by 50-55 percent by 2030 and reach net zero by 2050, with a commitment that half of new vehicle sales will be electric by 2030; most recently, India has announced a net zero target for 2070.
- At the industry level, the global aviation sector has committed to capping its emissions at 2019 levels, to allow for "**carbon neutral growth**", and to achieving net zero emissions by 2050, initially through a global offsetting scheme (the Carbon Offsetting & Reduction Scheme for International Aviation, or CORSIA). The International Air Transport Association (IATA) increased its 2050 target to net zero emissions, from a previous 50 percent reduction, in October 2021.
- The global shipping industry has committed to reducing its total emissions by 50 percent by 2050 and is reportedly considering increasing this ambition to one of reaching net zero in the same timeframe.

It was expected that the COP26 summit could result in further initiatives, but it is not yet clear that the relatively modest agreements will lead to concrete steps to bring these targets to fruition, as even planned restrictions on coal use were watered down in the final communique. China has been seeing record coal production in recent months as power outages, caused by high gas prices, started to impact on economic activity, and has little appetite to rush to abandon the fuel.

Despite this relative lack of progress, it is clear that the global regulatory environment for the refined products market is in the midst of a very significant structural change, which is expected to bring sustained negative pressure on consumption during the coming decades.

Against this background, projections regarding the point at which refined product consumption will peak are tending to vary more considerably than in previous years. For example, two of the three scenarios modelled by BP's 2020 annual energy outlook show demand having peaked in 2019 (with a plateauing of consumption in the early 2020s for the remaining "**business as usual**" case). At the upper end of the spectrum, OPEC's 2021 World Oil Outlook envisages demand peaking between 2035 and 2040 but remaining broadly flat for some time thereafter. By contrast, projections of the changes necessary to keep global temperature rise within the IPCC's "**safe**" 1.5 degree level envisage a much more significant decline in oil demand; the IEA's flagship decarbonisation document "**Net Zero by 2050: A Roadmap For the Global Energy Sector**" posits oil demand peaking in 2019 and declining by almost 75 percent between 2020 and 2050, from approximately 88 million barrels per day to 24 million barrels per day.

COVID initially saw demand for petrochemicals negatively affected in segments such as construction and particularly in the automotive sector, but has been very strong in food packaging which directly benefitted from the enforced closure of restaurants and rapid adoption of online delivery services etc. Polyolefins were much more resilient than GDP in 2020, with pricing proving very strong in Western markets in 2021 as sources of competitive spot supply from Asia have been unable to penetrate the market due to logistic constraints impacting deep sea trade.

US and European petrochemical markets have remained tight through 2021, with steady firm demand causing market tightness against pockets of short supply. A rebound in factory activity as restrictions eased helped boost requirements across the board for chemical and polymer products. Consumer based consumption of most petrochemicals has also remained robust, with persistent disruption to global logistics networks and the accompanying high freight rates continuing to impede imports of competing deep sea material, and resulting in very attractive pricing levels for chemical and polymer products.

In the longer term, the "**green economy**" may, again, appear as an attractive means of job creation and of reducing crude oil imports in developed countries, and recycling may then return as a measurable negative effect on demand for virgin polyolefins. COVID pandemic has undoubtedly reduced the extreme negative public sentiment regarding plastics which dominated media over 2018 and 2019, and the positive role of plastics in hygiene and healthcare has reduced the clamour to impose additional taxes on its use.

3.2 Crude Oil Market Dynamics

The year 2020 saw reduced refined products demand across most global markets, as a result of the ongoing COVID pandemic. Combined consumption of LPG, naphtha, gasoline, diesel/gasoil, kerosene and fuel oil are estimated to have dropped by an unprecedented 400+ million tons (around ten percent) on 2019. In comparison, the global economic crisis of 2008 resulted in a demand decline of just over two percent. Passenger transport fuels were hit particularly severely by the restrictions imposed on personal mobility in successive markets as the pandemic took hold; gasoline and jet fuel consumption fell by an estimated 150 million tons (14 percent) and 145 million tons (40 percent) respectively. Diesel/gasoil demand was less severely affected, estimated to have fallen by 3.5 percent, thanks to relatively lesser disruption to commercial traffic. Meanwhile, fuel oil use was down by 11 percent, mainly thanks to the implementation from January 1st of the International Maritime Organization's new global limits on sulphur content in shipping fuels (the IMO 2020 rules).

As of late 2021, the wider ramifications of the pandemic and associated developments are still being felt across the global refined products market. Overall, oil product demand is estimated to have seen varying levels of recovery by region during 2021, as successive COVID variants have spread around the world. Most recently, Omicron has emerged in Africa and the West, while the Delta variant has continued to spread in Asia, offsetting the effect of the region's earlier rebound from previous variants and holding down global demand recovery in 3Q2021. Total oil product demand is currently projected to remain around five percent below 2019's levels in 2021, before recovering to around 2019 levels in 2022. However, some products may remain depressed for a longer period, most notably jet fuel, where there is some uncertainty as to when demand will recover to pre-pandemic levels.

With demand stalling abruptly across the globe, prices for all refined products dropped precipitately in the first half of 2020, and this decline was exacerbated by sudden crude price drops resulting from the apparent dissolution of the OPEC+ alliance that had held OPEC and Russian crude supply policy together previously. Russia's refusal to reduce its supply in line with OPEC cuts in response to the onset of the pandemic was met with significant price discounting by Saudi Arabia, which brought marker crudes to their lowest points in many years. Brent crude prices bottomed out in April 2020 at under US\$20 per barrel, while WTI crude prices temporarily fell into negative territory, as dwindling spare storage capacity briefly pushed U.S. producers into paying consumers to take their output. The Saudi-Russia dispute was resolved in April, resulting in OPEC+ committing to very significant (9.7 mmbpd) production cuts, amounting to around ten percent of global output. The producer grouping was cautious with regard to easing these cuts through the remainder of 2020, scaling back to 7.7 mmbpd and then 7.2 mmbpd by the beginning of 2021, in order not to derail nascent economic recovery. Nevertheless, as some economies, notably in Asia, emerged from the first wave of the pandemic, the OPEC+ supply restrictions supported a recovery in crude and product prices through the second half of 2020. From around US\$18 per barrel in April, Brent crude finished the year at almost US\$50 per barrel.

2021 has seen crude and product prices continuing to rise steadily, with Brent reaching some US\$75 per barrel in July, and standing at a reported US\$84 per barrel in October. This sustained upward trend has been driven by ongoing post-pandemic economic recovery in many regions, combined with continued short supply. OPEC+ gradually eased its production cuts through the year; in July 2021, the grouping agreed to increase supply by 400 thousand barrels per day each month through to February 2022, and by 432 thousand barrels per day each month thereafter until the April 2020 cuts have been reversed. However, with ongoing economic recovery, hurricane-related disruption to U.S. production, and a severe spike in gas prices that has encouraged switching from gas to oil for power generation, demand has increasingly outpaced supply. In October, OPEC+ resisted pressure to add more than its planned 400 thousand barrels per day increase, sending crude prices to a new peak of US\$84 per barrel.

Despite the rise in prices seen in 2021, the impact of the COVID pandemic and its associated economic effects will continue to be felt in the global market for a considerable time. Accordingly, the outlook for refined product pricing and profitability is – and will remain – somewhat uncertain in the short and even medium term.

In the short term, prices are projected to remain supported at high through to the end of 2021, unless OPEC+ increases the scale of its planned supply additions. However, the current high price environment could also be impacted by other factors such as renewed upswings in COVID infections through the winter, or the potential of spiking gas prices to discourage economic activity (heavy industrial operations in particular are vulnerable to spiralling energy costs). Unlike in previous crude oil recoveries however, to date exploration activity and particularly in shale regions, has been very modest as producers focus on returning cash to shareholders.

3.3 Relevant Saudi Arabian Regulatory Developments

Historically, Saudi Arabia has provided energy products for domestic consumption at significant discounts to international prices, owing to its extensive oil and gas resources and relatively high crude oil prices, which drove higher revenues from oil exports. Consequently, domestic prices for diesel, gasoline, residual fuel oil, natural gas, and ethane, amongst others, have been amongst the lowest by global standards. This has helped boost domestic fuel consumption and the competitiveness of the local petrochemical industry.

However, the drop in oil prices in 2014 reduced government revenues from oil exports substantially, leading to rising budget deficits for Saudi Arabia. In response, the Kingdom accelerated its fiscal reforms to alleviate its budget deficit. Notably, these reforms included reducing energy subsidies, with the first fuel price hikes announced in December 2015 for natural gas, ethane, gasoline, diesel, and kerosene. Prices for gasoline and diesel were hiked by at least 50 percent, but still remained considerably below global levels.

Recognising the need to undertake further fiscal reforms to maintain a balanced budget amidst an environment of volatile oil prices and current levels of government expenditures, and to support its Vision 2030 program, Saudi Arabia launched the Fiscal Balance Program 2020 (FBP). As part of the FBP, Saudi Arabia announced plans to continue reducing government energy subsidies by gradually increasing domestic energy prices towards parity with international prices by 2020. However, following subdued economic growth in 2017 and to ensure more sustainable long-term growth in line with Vision 2030, Saudi Arabia delayed the timeline for balancing the budget and has even again capped increases on gasoline prices as of June 2021. It is NexantECA's understanding that the latest roadmap outlines a more gradual ramp up of energy product prices to international levels by 2025.

With fuel price increases being gradually phased in through 2025, and the government offering programs to ease the burden on low and middle-income families and ensuring that any subsidy reform measures do not pressure economic growth, NexantECA expects future fuel prices to have only a small impact on the country's refined product demand. Petro Rabigh's gross margins from sales of refined products are not expected to be impacted by future fuel prices in Saudi Arabia because the refined products produced by Petro Rabigh are marketed by Saudi Aramco under a long term offtake agreement that sets their prices using formulae reflecting product netbacks based on international reference prices.

Domestic ethane prices are expected to increase from current levels of US\$1.75 per MMBtu over the next few years in line with the roadmap laid out in FBP. Petro Rabigh's fixed cost ethane supply contract with Saudi Aramco provides an average purchase price closer to domestic ethane prices. NexantECA expects to see continued competitiveness of Petro Rabigh's ethylene production in the medium term.

3.4 Introduction to the Refining and Petrochemical Sectors

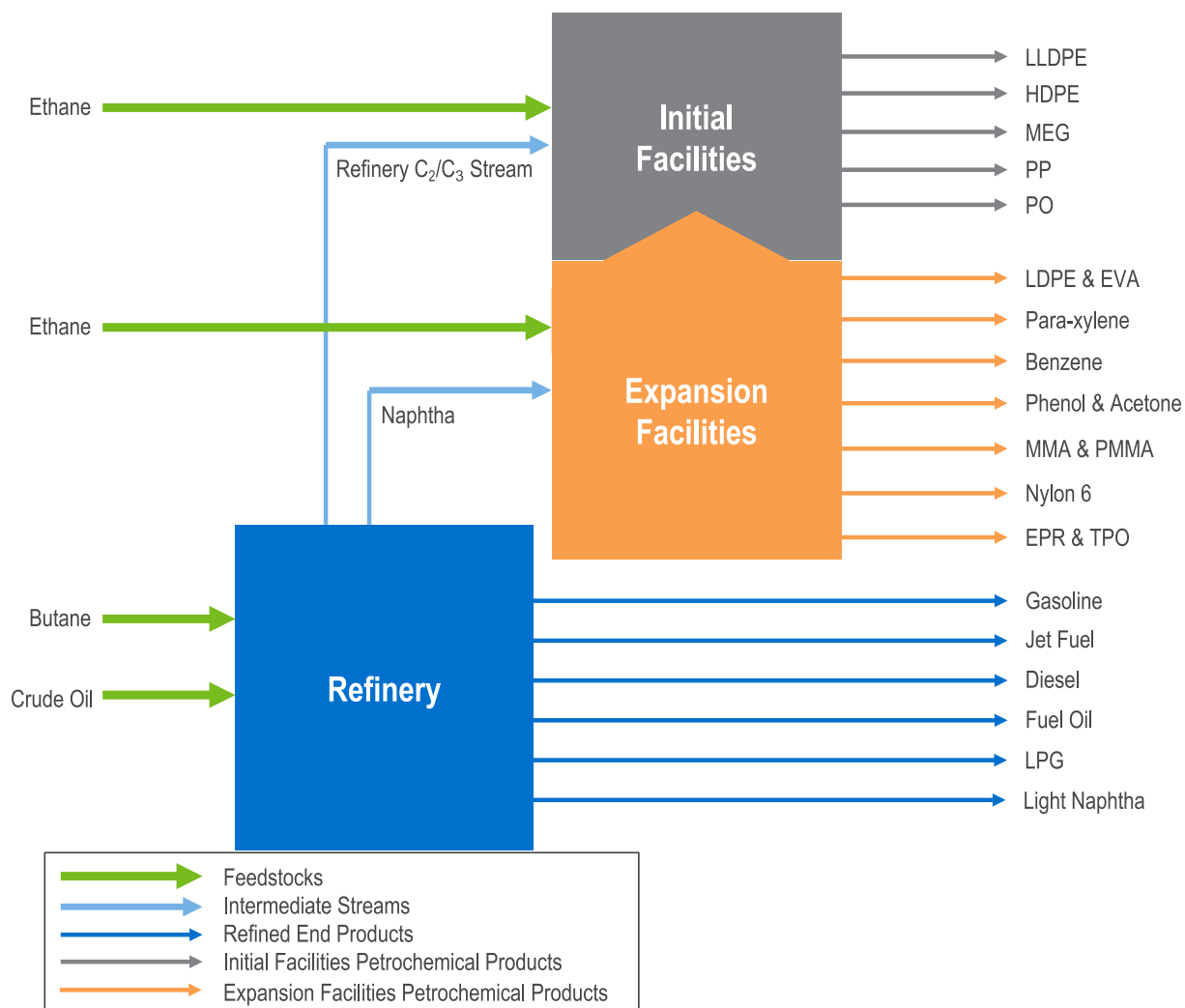
Oil refineries are generally operated to manufacture a range of products simultaneously from the crude oil feedstock. These include gasoline and diesel, along with liquefied petroleum gas (LPG), naphtha, jet fuel, kerosene, and fuel oil, in addition to other products such as asphalt and lubricants, which have uses across numerous industries. Refinery profitability is accordingly strongly influenced by the specific yields of refined products, which in turn are determined by feedstock quality, refinery configuration and process technology. The simplest refinery configurations process crude oil to the least extent and yield a high proportion of low value, heavy refined products, offering minimal margins. On the other hand, modern complex refineries incorporate numerous flexible upgrading processes, allowing them to maximise the yield of higher value products and increase margins. More new and existing refineries recently have elected to integrate their facilities with plants able to produce higher value petrochemicals to capitalise on strong demand growth.

Major feedstocks for the production of petrochemicals include naphtha derived from crude oil refining, as well as gas-based feedstocks, such as ethane. These feedstocks are converted to olefins (e.g. ethylene) and aromatics (e.g. xylenes), which are then used as building blocks to produce various derivatives with important end uses. For example, ethylene is used to produce linear low-density polyethylene (LLDPE) for end uses in plastic packaging, while xylenes are consumed in the manufacture of para-xylene for end uses in consumer fabrics. The production of petrochemicals also benefits from integration with feedstocks, intermediates and derivatives along the value chain, due to cost savings and synergies.

Petro Rabigh is present at each step of the value chain from crude oil refining to production of basic petrochemicals and intermediates, and finally polymers production. Its Phase II has increased its integration with the production of petrochemicals by utilizing a naphtha feedstock, which previously was exported, and by adding more petrochemicals to its product mix. Petro Rabigh has the most extensive integration with petrochemicals production of any refinery in Saudi Arabia.



Figure (3.1): Petro Rabigh Simplified Manufacturing Processes Diagram



3.5 Overview of the Refining Sector

3.5.1 Key Global and Domestic Drivers

Demand for petroleum-refined products is underpinned by the increase in global energy requirements, principally from the transportation, power generation, and residential sectors, which drive demand for key products such as gasoline, diesel/gas oil, kerosene and LPG. Sectors such as aviation and shipping drive demand for jet fuel, gas oil and residual fuel oil. Products such as LPG and naphtha are used as petrochemical feedstocks. Given the importance of these sectors to everyday life, and the lack of feasible and economical substitutes in several applications, petroleum products are an essential component of the economy and demand is strongly tied to global economic growth and population growth.

The impact of the pandemic on the refined product market will continue to be felt for some time. Naphtha, road diesel and fuel oil have tended to be least affected by mobility restrictions, with petrochemical production holding up, and the transportation and delivery of goods continuing throughout (although hitting logistic constraints due to port closures caused by COVID outbreaks in China, and backlogs for delivery to the US market due to port congestion). Gasoline demand was strongly impacted by lockdown measures but has also tended to rebound strongly wherever such restrictions are eased. The market for new vehicles continues to develop, with electric vehicles, in particular Tesla, seeing relatively strong sales during the period. Conventional engine vehicles meanwhile have suffered from multiple issues in their complex supply chains, which have caused lengthy delays to delivery for combustion engine models. In the longer term increased electric vehicle penetration will impact on gasoline demand in those markets with the infrastructure for widespread electric vehicles use.

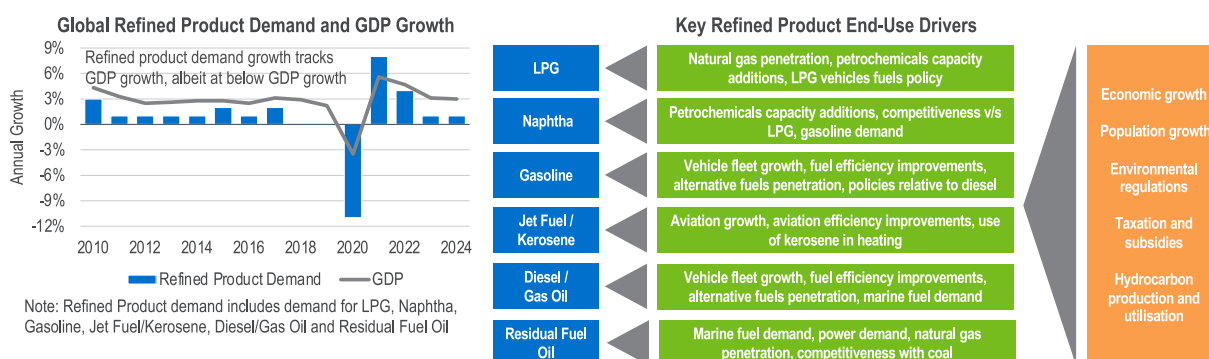
Air travel has been more deeply affected, and will take longer to recover than other products, with a consequent slow and prolonged recovery in jet fuel demand that may not regain previous growth trends in the medium term.

Global oil demand growth is expected to recover, driven by healthy gasoline demand in developing regions such as Asia and the Middle East, strong distillate demand due to the International Maritime Organization's (IMO) bunker fuel regulations, and strong LPG and naphtha demand as petrochemicals feedstock due to growth in global polymer consumption. Longer-term, however, a combination of significant technological advancements in the areas of energy efficiency, vehicle fuel efficiency, electric vehicles and alternative fuels/renewable energy, government policies, and environmental regulations are expected to result in global oil demand peaking and then declining.

The timing of the peak in global oil demand remains subject to significant uncertainty surrounding the above-mentioned factors, but NexantECA does not expect consumption to peak until after 2030. While global fuels demand is expected to eventually peak, petrochemicals demand growth is projected to remain strong and drive global oil consumption, driven by developing regions such as Asia, Africa and the Middle East. Fuel demand in the Middle East is not expected to peak as soon as global fuels demand, as rising levels of vehicle ownership, increasing aviation demand, and strong commercial and industrial sectors continue to drive regional consumption.

Petro Rabigh mainly serves refined products markets in Saudi Arabia, and thus is not exposed to the factors influencing global oil demand to the same extent as many global refiners. In addition, Petro Rabigh, with its Phase II expansion, is well positioned to capitalise on strong petrochemicals demand growth in the rapidly growing developing economies of Asia, Middle East and Africa.

Figure (3.2): Refined Product Demand Drivers



Refinery competitiveness is influenced by several key parameters such as size, complexity, location, and petrochemicals integration. New refining investments, such as those ongoing in the Middle East and Asia, are seeking to capture economies of scale, with larger facilities processing lower quality crude oils typically obtaining higher cash margins. Producers are increasingly adding refining capacity close to high demand growth markets, such as the Middle East and Asia, or in regions with access to low cost crude and refinery fuel (natural gas), such as the United States and Middle East.

As petrochemical demand growth outpaces oil demand growth, obtaining significant margin uplift through petrochemical integration has been a key industry theme in recent times, with several refiners in the Middle East and Asia investing in integrated refining-petrochemical complexes. Some producers have sought to reconfigure conventional technologies to obtain petrochemical yields as high as 40 percent. With global awareness of the negative environmental impact of fossil fuels, refined product quality specifications have been tightened globally, with a focus on lowering sulphur content.

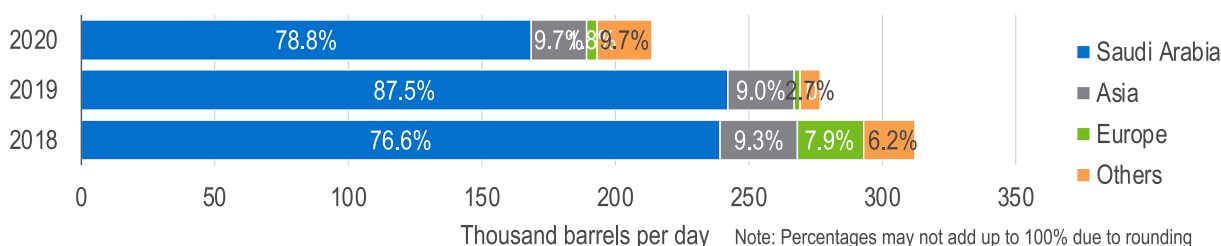
To ensure self-sufficiency of refined products supply, improve the competitiveness of its domestic refineries, and ensure compliance with fuel quality specifications, recent refining investments in Saudi Arabia have focused around new builds, upgrading existing facilities and petrochemical integration. Two large-scale, highly complex refineries integrated with petrochemicals production have been recently built in Jubail and Yanbu (SATORP and YASREF), with another similar refinery in Jazan also being brought online. While SATORP and YASREF were designed to produce products with qualities suitable for export markets, Jazan is designed to serve domestic requirements. A number of existing refineries are also being upgraded to produce clean fuels, including Petro Rabigh. Petro Rabigh also invested significantly to expand its petrochemicals production through its Phase II investment.

Refined product demand in Saudi Arabia has been strong over the past few years. Petro Rabigh sells over 75 percent of its refined products to the domestic market through its take-or-pay agreement with Saudi Aramco, which effectively guarantees sales and leaves it less exposed to any swing in local market demand. The balance of Petro Rabigh's production is exported to international markets, which is primarily a reflection of a strategic management decision rather than any lack of domestic market demand.

Sales in 2020 have clearly been impacted by COVID, with both reduced total volume and a need to distribute product to a wider geographic area than seen in 2019. 2021 however sees significant recovery, both from a volume perspective and from prices realised in the market as a result of the significant improvement in crude oil prices. Prices for delivery to Western Europe have again been very attractive for those able to arrange logistics.

NexantECA notes that revenue performance was severely impacted by the combination of reduced volume throughput and very depressed refined product prices in the first half of 2020.

Figure (3.3): Petro Rabigh Historical Refined Product Sales



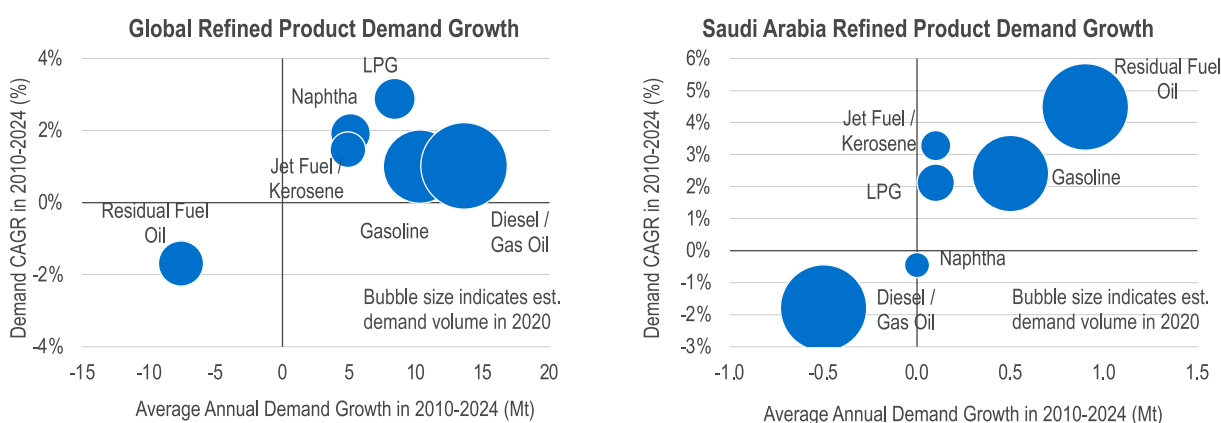
3.5.2 Refined Products Demand and Supply

In the medium term, Saudi Arabian gasoline demand is expected to grow strongly, as prices remain below international levels despite ongoing increases linked to the gradual phase out of gasoline price subsidies. Diesel demand will experience moderate growth, driven by commercial transportation and power generation demand. Investments in petrochemicals production will drive demand for LPG and naphtha, while increasing air travel will drive demand for jet fuel.

Global diesel/gas oil demand growth will also continue to be strong in the medium term, driven by the IMO's bunker fuels regulation, which is projected to boost consumption for marine fuel in the short term around 2020, as well as commercial transportation and industrial usage. Gasoline demand will be strong in developing economies, although global growth will be moderated by improving vehicle fuel efficiency and the advent of electric vehicles. Residual fuel demand will be negatively impacted by the IMO's bunker fuel regulations and poor power generation demand. Jet fuel demand will be driven by increasing aviation use in developing countries, although kerosene will face pressure from LPG and natural gas in the heating and cooking sectors. LPG and naphtha consumption will be driven by strong demand as petrochemicals feedstock.

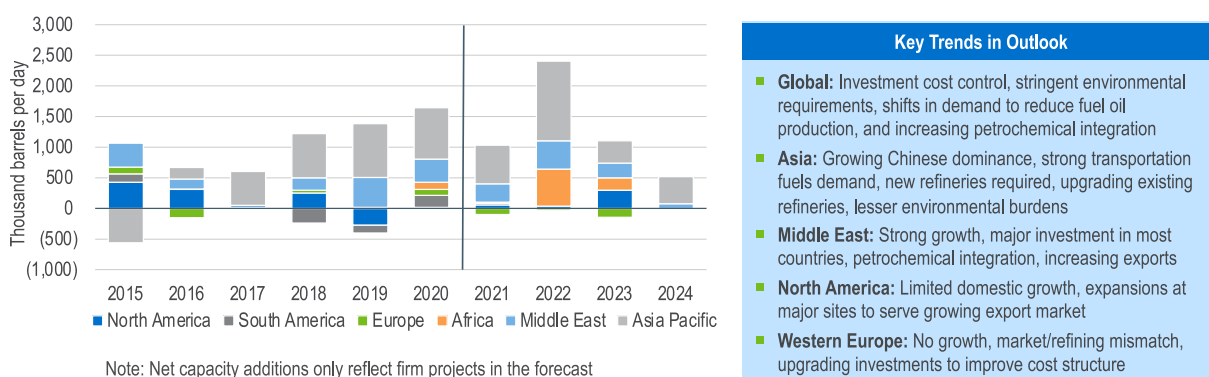
Saudi Arabian demand for refined products has seen consumer based domestic gasoline demand come to dominate the market, with lower growth seen in industrial diesel-fuelled transport demand. Residual fuel oil demand has meanwhile been strong as power generation and industrial fired heaters continue to demand more energy input than has been available on the gas grid.

Figure (3.4): Demand Growth for Refined Products



Asia and the Middle East have dominated refinery capacity additions in the last five years and will see the lion's share of new addition in the near-term outlook, although the prospects for large-scale integrated refinery-petrochemical complexes are likely reduced from that anticipated earlier. Smaller investments remain possible in Eastern Europe, United States as well as at least one large project in Africa. Some regions will also see closure of small, simple, uncompetitive refineries, with this potential increased as bio-feedstocks are exploited in select locations to demonstrate the potential of renewable feedstocks for fuels production.

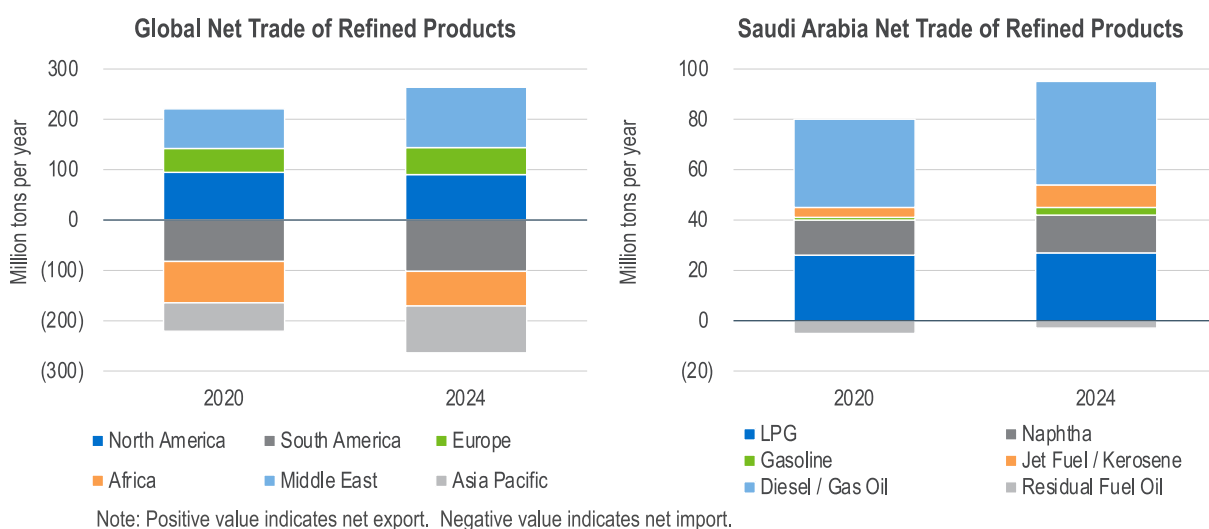
Figure (3.5): Global Net Refinery Capacity Additions



The Middle East and North America are major exporters of most products such as LPG, naphtha, diesel, and jet fuel. Asia exports gasoline, diesel and jet fuel, while importing large volumes of LPG, naphtha, and fuel oil. Western Europe exports gasoline but imports diesel and jet fuel, while Eastern Europe exports large volumes of diesel and fuel oil. Africa and South America import a large portion of their refined products requirements.

Saudi Arabia will continue to export significant volumes of all refined products (aside from gasoline where strong domestic demand places the market in balance) Exports are primarily to Asia, as demand growth in that region mean it is replacing Western Europe as the most dominant market. Asia however is also seeing its own supply capability increase and immediately after each expansion wave exports are also required to other regions.

Figure (3.6): Net Trade of Refined Products



3.5.3 Refined Products Pricing

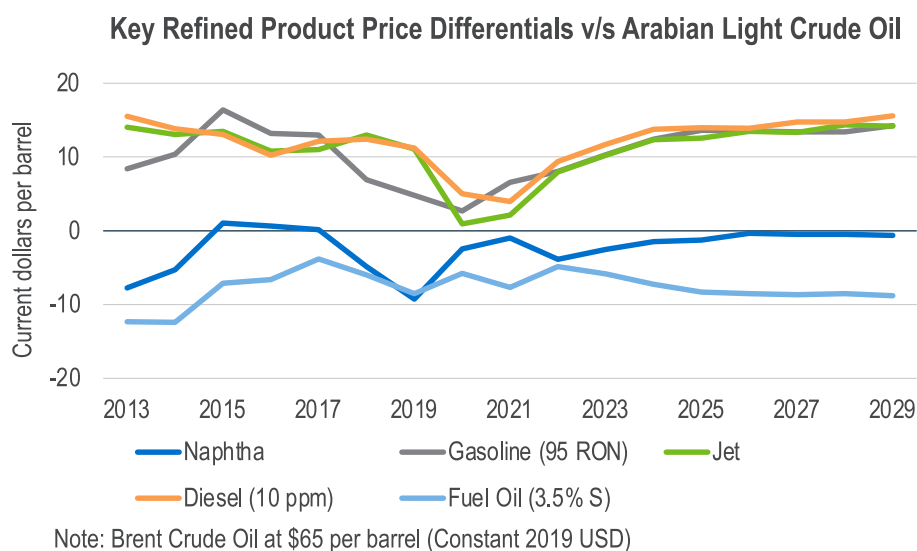
As with all commodities, petroleum product prices are fundamentally driven by the cost of production, plus the refinery profitability supported by underlying market dynamics. The cost of production and refinery profitability is heavily influenced by crude oil prices, which are shaped by crude oil supply and demand and macroeconomic factors outside the petroleum industry.

Historically, refining margins in global markets have broadly tracked each other, since crude oil and refined products are heavily traded and the low cost of bulk freight – outside of market-driven freight rate spikes such as that seen as a result of COVID – helps maintain close convergence in regional prices. Divergence of margins between regions has occurred as a response to changes to the regional supply/demand balance and shifts in relative refining costs across regions. Most recently, variations in the pace and schedule of economic recovery from successive waves of the COVID pandemic have led to some divergence between regions. However, such divergence has generally been small in comparison to the commonly experienced impact of the pandemic, which sent margins across the board into negative territory in 2020, and continued to exert negative pressure in some regions through 2021.

Most recently, a relatively sharp uptick in economic activity and fuel consumption in 3Q and into 4Q 2021 brought about a recovery in margins across the board. However, crude prices have continued to be supported as OPEC+ supply plans have not been upgraded in response to this recovery, posing a potential risk to continued margins at current levels by year-end.

In the immediate wake of the pandemic, refiners in most regions cut utilisation rates and, in many cases, implemented temporary halts to production. While most refiners restarted production, capacity remains under pressure in some regions, notably Western Europe. Looking ahead, permanent shutdowns are expected for refineries in all regions, alongside large numbers of projects aimed at bringing online renewable/low carbon fuel production at existing refinery sites. These capacity reductions will, however, be offset to a certain extent by continuing capacity growth in other markets. Most notably, China continues to see the addition of large-scale, chemicals-integrated, refining complexes, a trend that has the potential to shift some established trade patterns for refined products, mainly gasoline, over the long-term.

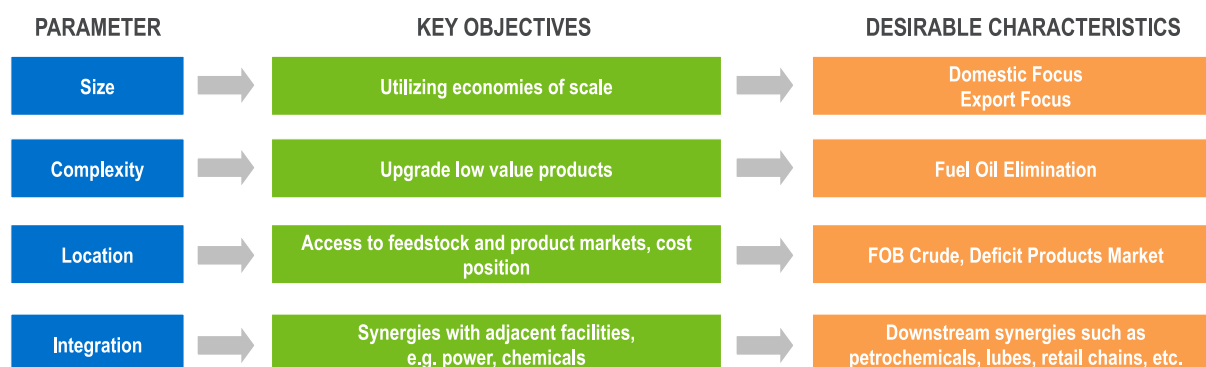
Figure (3.7): Key Refined Product Price Differentials v/s Arabian Light Crude Oil



3.5.4 Petro Rabigh Competitive Position

A set of well tested and proven criteria that play a key role in influencing refinery competitiveness were used to assess Petro Rabigh's competitiveness relative to other Saudi Arabian refineries.

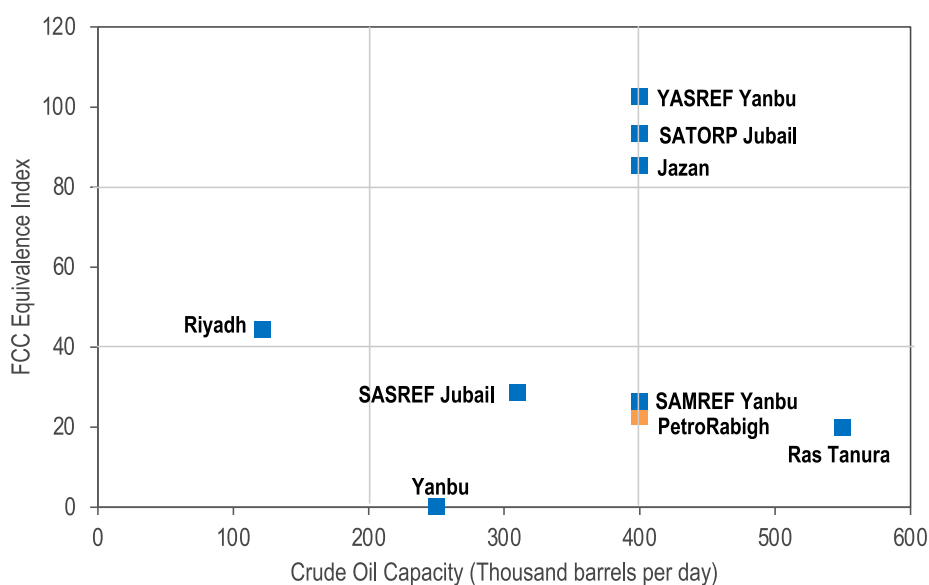
Figure (3.8): Refinery Competitiveness Criteria



Petro Rabigh was assessed to be competitive with other Saudi Arabian refineries serving the domestic market in terms of complexity and scale. Size is a key parameter that provides economies of scale, with larger facilities typically having lower unit costs and capturing higher cash margins than smaller facilities. Petro Rabigh's refining capacity is on par with the new SATORP, YASREF and Jazan refineries and larger than other Saudi refineries with the exception of the Ras Tanura refinery.

Complexity is another important metric in determining profitability and is a measure of a refinery's capability to convert low value streams, such as fuel oil, into higher value transportation fuels. The complexity of Petro Rabigh's refining configuration is similar or superior to the complexity of other Saudi refineries, except for the recently built ones. Although Petro Rabigh has a high yield of high sulphur fuel oil (HSFO), its take-or-pay arrangement with Saudi Aramco effectively guarantees an outlet for its HSFO production.

Figure (3.9): Saudi Arabia Refinery Complexity (FCC Equivalence Index versus Size)



The attractiveness of a particular refinery location is influenced by its access to feedstocks and the local refined product market structure which impacts the pricing environment. Refineries receiving import parity pricing for their production, occasionally with some tariff protection, receive the highest rating.

Petro Rabigh is strategically located on the Red Sea within the shipping trade route between Asian and European markets, has its own fully equipped marine facility/jetty, and is close to the King Abdullah Port. Its location as one of the few refineries in Makkah province places it close to the largest demand hub in Saudi Arabia. Petro Rabigh also benefits from peak demand during Hajj season. NexantECA assigned Petro Rabigh a rating of 4 for its location because the formula reference pricing for its products is export parity pricing linked to prices in export markets.

Integration is a measure of achievable synergies with other relevant business sectors such as power and petrochemicals. Petro Rabigh obtains integration benefits through a high yield of olefins from the FCC unit and extensive petrochemical facilities located onsite, resulting in Petro Rabigh having the most extensive integration with petrochemical facilities of any refinery in Saudi Arabia.

NexantECA's ranking of the competitiveness of Petro Rabigh's refining operations, which takes its Phase II expansion into account, reflects their competitiveness versus those of other Saudi Arabian refineries and is not intended to reflect the competitiveness and financial performance of Petro Rabigh's combined refining and petrochemical assets. Petro Rabigh was found to be highly competitive relative to other Saudi Arabian refineries serving the domestic market.

Table (3.1): Ranking of Petro Rabigh Refining Assets versus other Saudi Arabian Refineries

Criteria	Weighting	Petro Rabigh	Jazan	YASREF Yanbu	SATORP Jubail	Ras Tanura	SAMREF Yanbu	SASREF Jubail	Riyadh	Yanbu
Size	40%	4	4	4	4	5	4	3.5	2	3
Complexity	40%	3	5	5	5	2	3	3	3	1
Location	10%	4	4	3	3	4	3	3	4	4
Integration	10%	5	3	3	3	1	1	2	1	2
Overall		3.7	4.3	4.2	4.2	3.3	3.2	3.1	2.5	2.2

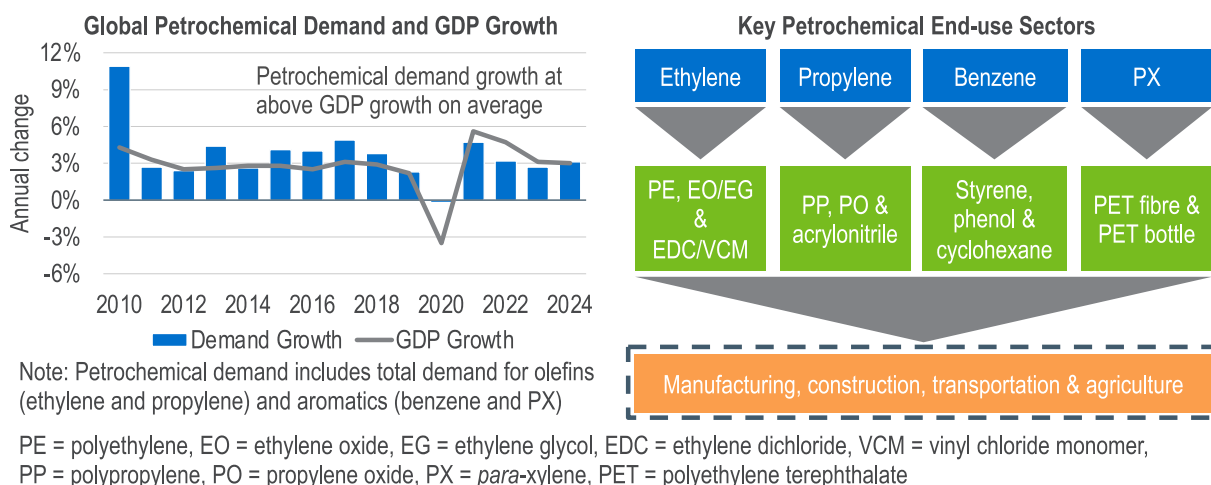
3.6 Overview of the Petrochemical Sector

3.6.1 Key Global and Domestic Demand Drivers

Petrochemicals are used as building blocks for a broad range of derivatives and applications. Given the diversity of end uses and the limitations of feasible and economic substitutes, petrochemicals play an integral role in the industrial and consumer sectors and form an essential component of the economy. Demand growth typically exhibits cyclical, following economic growth, and is associated with not only end-use sector growth, but also substitution of traditional materials and penetration into new applications.

There remains strong interest in developing renewable route to plastics and chemical products, with significant early commercialisation effort underway to establish both mechanical and chemical recycling as well as developing bio-based routes. The polyester value chain has seen the most penetration, with mechanical recycling now used for resin production for the bottle market as well as for more accommodating textile use. Cost and performance however remain real barriers for meaningful penetration into the wider polymer and petrochemicals markets, and to date there is little indication that any major volume share will be lost by competitive producers of virgin petrochemical product.

Figure (3.10): Petrochemical Demand Drivers



The principal factor driving new investments in the petrochemical industry is production competitiveness, which is associated with several key parameters, including plant location, size, technology and integration. However, underlying competitive advantage is predominantly tied to feedstock type and cost, and feedstock slates employed by petrochemical producers can widely vary by location.

Figure (3.11): Petrochemical Investment Competitiveness Criteria

Location	Size	Technology	Integration
<ul style="list-style-type: none"> ■ Availability of low-cost feedstocks ■ Proximity to deficit/high-growth markets 	<ul style="list-style-type: none"> ■ Economics of scale ■ Operational efficiencies 	<ul style="list-style-type: none"> ■ Cost competitiveness ■ Product differentiation 	<ul style="list-style-type: none"> ■ Synergies with adjacent facilities ■ Cost savings

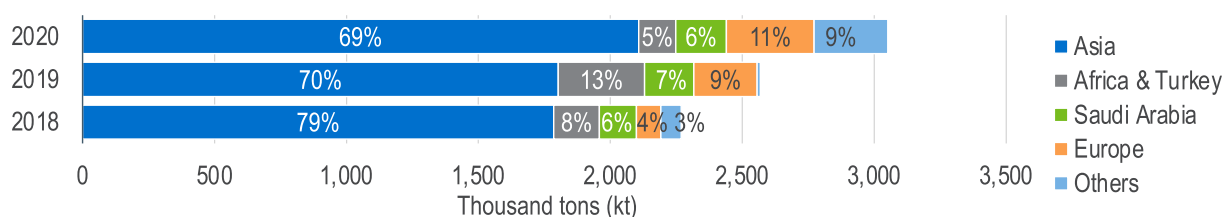
In Saudi Arabia, petrochemical investments have been driven by the availability of low-cost feedstocks, and in some cases supported by integration with refineries. Ethane prices have been increasing in recent years on the back of tight availability of significant incremental supply, and new petrochemical capacity is trending toward a heavier feedstock slate amid this limited ethane availability. This change in feedstock will also allow greater product diversification. With its sheer size, together with sustained supply deficits as product demand growth outpaces supply additions, Asia (mainly China) remains a key market for producers in Saudi Arabia.

China is a large consumer and importer of petrochemicals, including those produced by Petro Rabigh who has maintained its competitive supply to export markets despite the ongoing trade war between the U.S. and China. A new wave of naphtha/heavy gasoil crackers are being built in China, as part of a new generation of petrochemicals-focussed oil refineries as the country aims to improve its self-sufficiency. However, consumption growth is expected to exceed domestic supply, thus, China should remain its net importer position and target market for Petro Rabigh.

2020 saw a significant increase in petrochemical output from Petro Rabigh in contrast to the reduced sales volume seen from the refinery side, such that the petrochemicals sales value was almost maintained despite reduced average prices through the year. Attractive pricing in Western Europe has increased sales to that region, however the dominant sales destination remains to Asia.

2021 has seen a significant improvement in petrochemical pricing in all markets, and in particular in the west. Petro Rabigh sales revenues are anticipated to have improved significantly over 2020 levels as a result of the strong performance seen in these petrochemical markets.

Figure (3.12): Petro Rabigh Historical Petrochemical Sales



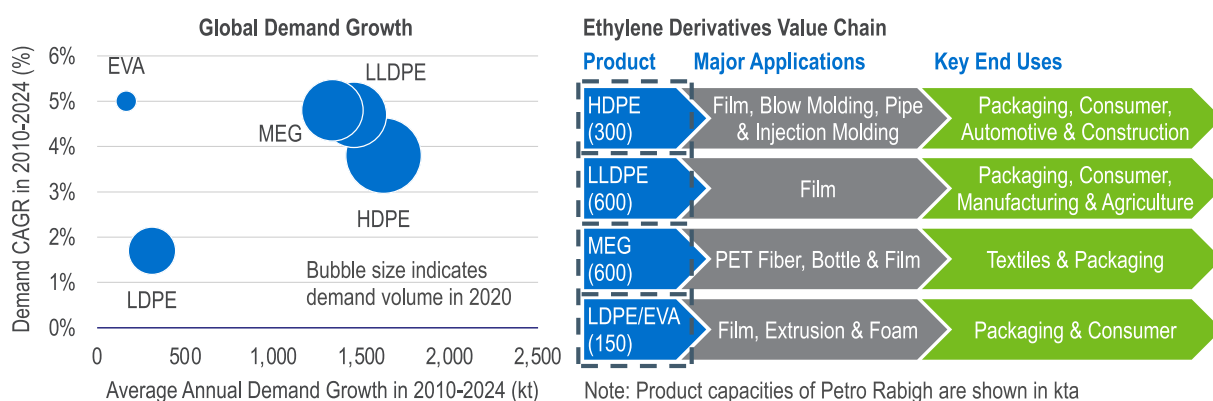
3.6.2 Ethylene Derivatives

Ethylene is used to produce a range of derivatives, of which polyethylene and monoethylene glycol (MEG) are major derivatives in terms of volume. Ethylene derivatives produced by Petro Rabigh include high density polyethylene (HDPE), linear low-density polyethylene (LLDPE), MEG, low density polyethylene (LDPE) and ethylene vinyl acetate (EVA).

HDPE, LLDPE, LDPE, and EVA, collectively termed polyethylene, have major applications in a range of consumer and industrial sectors. For example, HDPE is used for pipes in construction, while LLDPE and LDPE have film applications in packaging, and EVA is used mainly for foams in shoe soles. Meanwhile, MEG is mainly used to produce polyethylene terephthalate (PET), which has major end uses in plastic bottles, apparel fabrics, and industrial textiles. Hence, strong demand growth for these ethylene derivatives is supported by GDP growth, population growth, urbanisation trends, and increased consumer wealth.

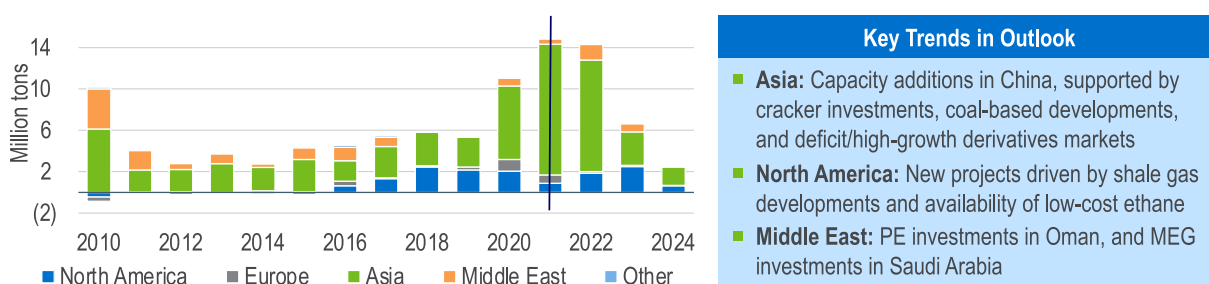
Despite the impact of COVID, the global market of ethylene derivatives has continued to grow. The resilience of the ethylene derivatives business has been demonstrated by its use in consumer and medical packaging, as well as personal protective equipment that has been essential to the pandemic response. Automotive output and construction activities have recovered where economies have been able to reopen. Longer term pressure remains in place on consumer packaging and disposable items, and demand in these sectors will decline as replacements are found that can meet performance and price requirements, but in the short term even these sectors are benefiting from the higher levels of hygiene required as a result of COVID.

Figure (3.13): Demand Growth Outlook for Ethylene Derivatives



As integration or on-site access to ethylene is important for ethylene derivative production, derivative capacity additions are generally associated with ethylene projects. Over the coming years, capacity additions will heavily be concentrated in Asia, including China, South Korea and Indonesia, the US, and Russia, mainly based on naphtha and ethane crackers. Furthermore, capacity additions are expected in Saudi Arabia and Oman.

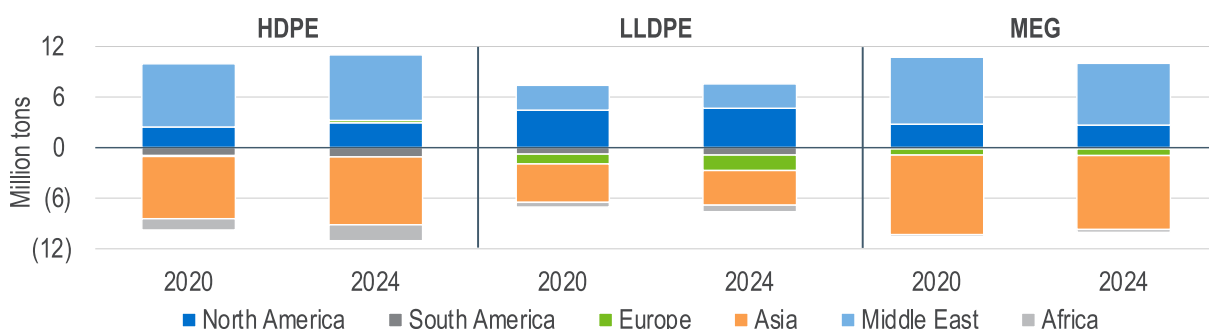
Figure (3.14): Net Capacity Additions by Region for Major Derivatives



Note: Net capacity additions are shown for HDPE, LLDPE and MEG, and only reflect firm projects in the forecast

Asia is the major importer of ethylene derivatives with imports to the region expected to continue to import for the forecast period despite the significant capacity increase underway in that region. The Middle East is projected to remain the major exporter of all ethylene derivatives. North American exports are forecast to increase in the medium term, following capacity additions in the region. Europe will remain a net importer through the forecast period.

Figure (3.15): Net Trade Developments for Major Ethylene Derivatives



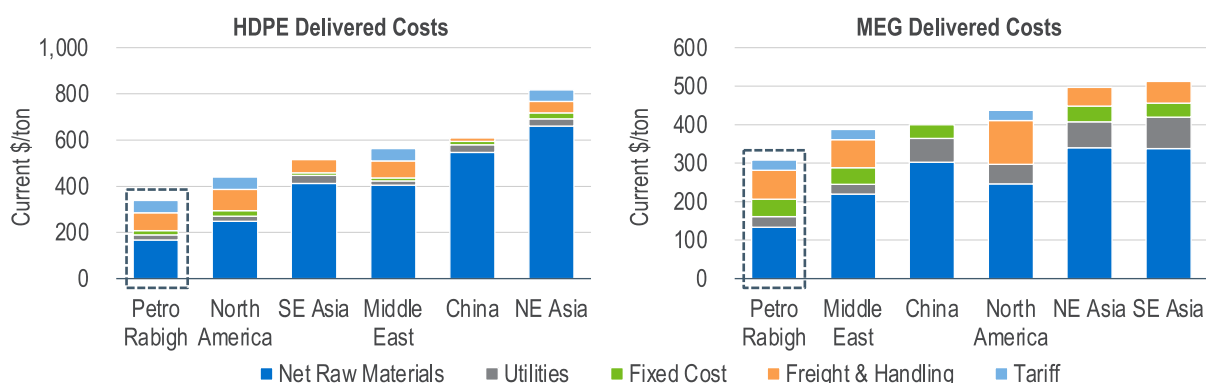
Note: Positive value indicates net export. Negative value indicates net import.

Key factors influencing ethylene derivatives pricing include the ethylene market benchmark as well as the supply/demand dynamics in derivatives markets. Ethylene costs typically account for the bulk of derivatives production costs. Underlying ethylene prices usually see strong impact from crude oil prices. Western markets however have seen very strong pricing during 2021, with many polymers seeing record pricing levels despite underlying crude oil remaining at levels lower than seen a decade ago. Such periods of high pricing will be repeated while the global logistics system is impacted by COVID, as these constraints prevent the easy movement of competitive spot material, which would normally cause large price differences to close.

This localised high profitability will decline as low-cost inter-regional shipping is re-established and the influence of the current Asian capacity build is felt across markets, before recovering over the long-term period. Near term however logistic constraints can support wide inter-regional pricing differences as have opened for commodity petrochemicals, with West European and US markets commanding significantly higher prices than seen in Asia where most recent capacity addition has occurred.

PetroRabigh benefits from highly competitive ethylene production costs, mainly due to its use of ethane feedstock, which remains priced at a low, fixed level in Saudi Arabia. Delivered costs of major ethylene derivatives to China, the major importer in Asia, were assessed to be highly competitive for Petro Rabigh versus its competitors, including local producers in Asia. In addition, Petro Rabigh's use of Sumitomo's marketing arm for petrochemical sales provides a further competitive advantage over local and western competitors when placing products in Asian markets.

Figure (3.16): Delivered Costs of Major Ethylene Derivates to China, 2020

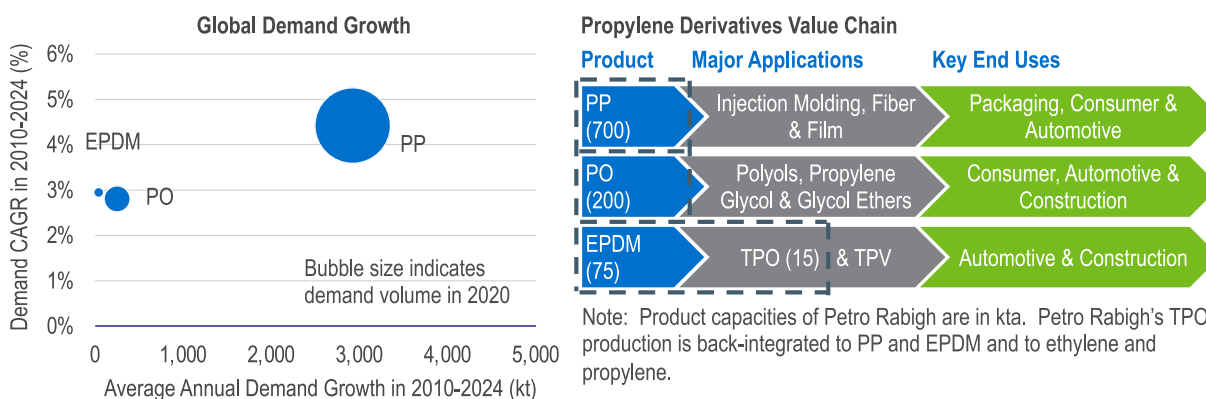


Note: Presented producers are representative of major HDPE and MEG suppliers to China. Integrated ethylene is transferred at cash cost from cracker to all HDPE and MEG plants, except for North America MEG plant. Petro Rabigh and North America crackers are based on 100% ethane. Middle East cracker is based on 50% ethane and 50% propane. China, SE Asia and NE Asia crackers are based on naphtha. North America MEG plant is based on ethylene valued at estimated long-term contract price.

3.6.3 Propylene Derivatives

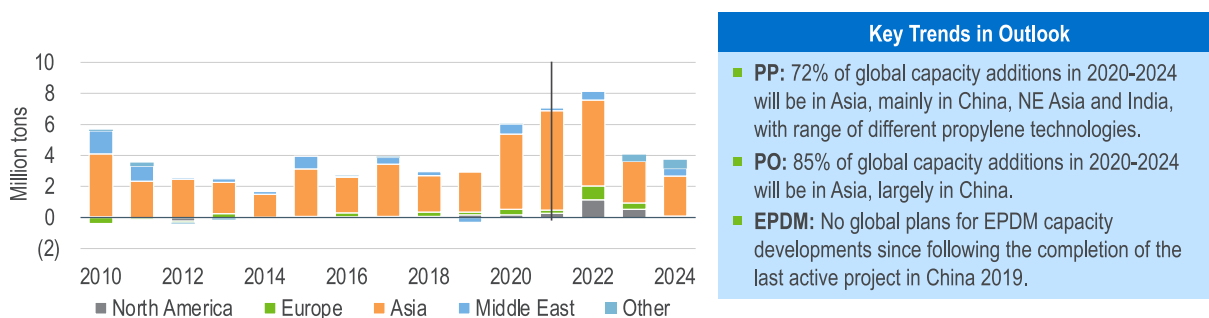
Propylene derivatives within Petro Rabigh' product portfolio include polypropylene (PP), propylene oxide (PO), ethylene propylene diene monomer (EPDM) and thermoplastic olefin (TPO). Integrated propylene feedstock is sourced as a co-product from Petro Rabigh's refining operations. Asia is expected to remain the key driver of global demand growth for these products.

Figure (3.17): Demand Growth Outlook for Propylene Derivatives



With a few exceptions, new PP plants are typically integrated with new propylene investments. Propylene remains primarily sourced as a co-product from steam crackers and oil refineries, although on-purpose processes (e.g., propane dehydrogenation and methanol-to-olefins) are expected to represent an important source of incremental propylene supply. Firm capacity additions for propylene derivatives will be largely concentrated in Asia, primarily China, due to the wave of new feedstock supplies in that market and increases in domestic consumption. Capacity additions in other Asian countries, North America and the Middle East are also forecast to accelerate.

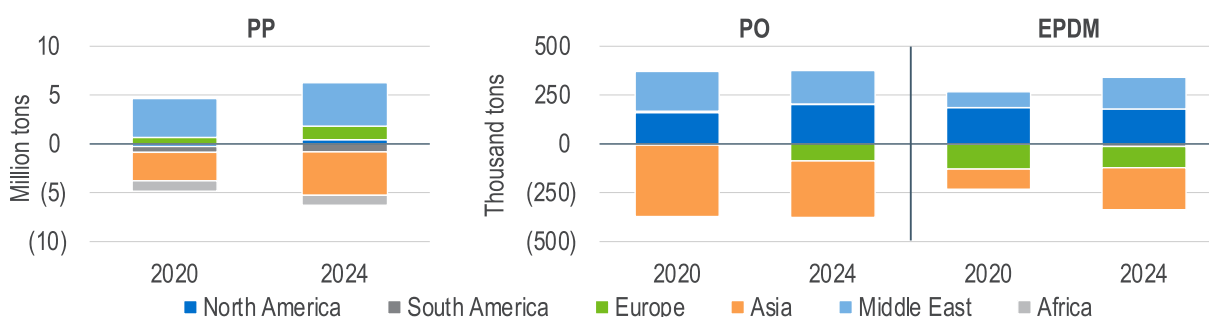
Figure (3.18): Net Capacity Additions for Major Propylene Derivatives



Note: Net capacity additions are shown for PP, PO and EPDM, and only reflect firm projects in the forecast

Asia will remain a major net importer of propylene derivatives in the outlook, despite many domestic capacity additions in the medium term. The Middle East is forecast to remain a major exporter, mainly supplying deficits in Asia. For PO and EPDM, Europe is also expected to be a major importer. The capacity additions currently underway in China will stabilise the import volume in the near term, but net imports of propylene derivatives are projected to grow again due to strong domestic demand.

Figure (3.19): Net Trade Developments for Major Propylene Derivatives



Note: Positive value indicates net export. Negative value indicates net import.

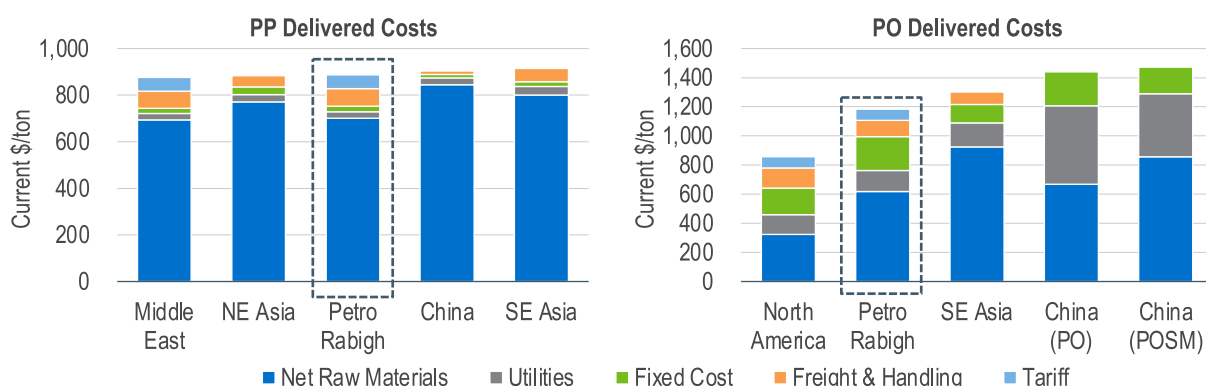
In general, propylene derivatives production costs are strongly impacted by propylene costs, which themselves are impacted by crude oil prices. Hence, derivatives pricing is strongly influenced by propylene market benchmark prices and derivatives supply/demand dynamics. Asian polymer prices have been significantly lower than those in Western markets in 2021 due to disruptions to trade flows between the regions. Prices in Asia and Western markets are expected to reconnect to more normal regional price spreads as these logistic issues dissipate.

Logistic constraints can equally impact Asian markets for products where significant net import is required, and Asian market prices for PO increased to set the ceiling to global prices during 2021 for this reason. Typical regional prices may not be restored until the disruptive influence of the COVID pandemic abates. Market prices for EPDM is forecast to rise and remain similar across different regions.

For PP, profitability is forecast to settle close to the cash cost over propylene values, whereas for PO, it is projected to ease as capacity additions lengthen markets. The declining trend of profitability for EPDM over the last decade is forecast to continue in the near term.

Petro Rabigh was assessed to be competitive in serving major propylene derivatives to Asia, supported by relatively low raw material costs due to back-integration to raw materials. In spite of incurring incremental costs for freight and tariffs, Petro Rabigh remains competitive with other suppliers on a delivered basis to China, the major market in Asia.

Figure (3.20): Delivered Costs of Aromatics and Derivatives to China, 2020



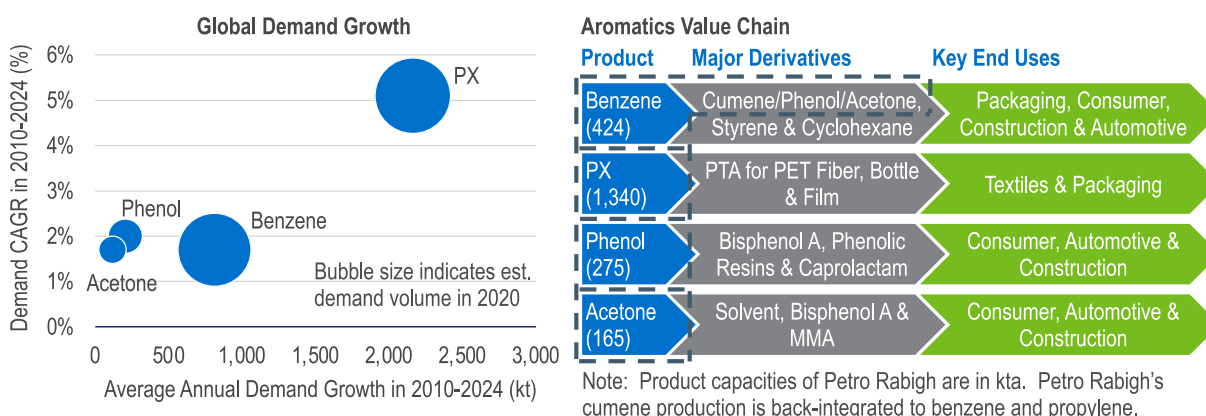
Note: Presented producers are representative of major PP and PO suppliers to China. Unless specified otherwise, propylene and all other raw materials are valued at market prices. Petro Rabigh PO plant is based on cumene hydroperoxide process with cumene valued at cash cost. SE Asia PO plant is based on HPPO process. North America PO plant is based on PO/MTBE process with MTBE co-product credited at market price. For China POSM plant, ethylene is valued at market price, and styrene co-product is credited at market price whilst the China PO plant is based on a Chlorohydrin with Chlor-Alkali process.

3.6.4 Aromatics and Derivatives

Aromatics and derivatives produced by Petro Rabigh include benzene, para-xylene (PX), cumene, phenol and acetone, with PX representing the major product in terms of volume. The aromatic market was impacted during 2020 as a result of the pandemic, crude oil volatility including a price war and the new wave of crude-to-PX capacity additions in Asia. The aromatics sector however has been less impacted by logistic constraints as aromatics and most immediate derivatives move by chemical tanker rather than on a container ship. The standout however has been benzene, with West Europe in particular seeing very strong pricing through the benzene chain as the normal global sources of supply failed to satisfy the normal import requirement in the region.

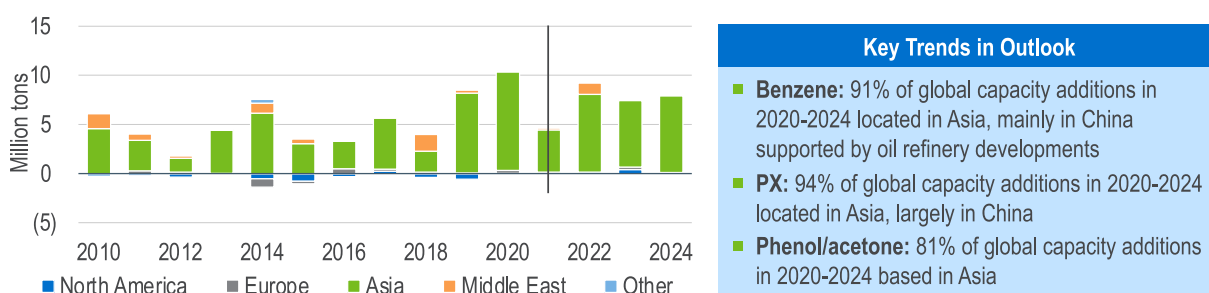
The speed of recovery will depend on the fiscal strength of individual governments to employ stimulus packages and initiatives to revamp economies. Asia is to remain the driver of global aromatics demand growth, particularly PX and benzene, driven by the electrical appliance and industrial and textiles sector respectively.

Figure (3.21): Demand Growth for Aromatics and Derivatives



Net capacity additions are entirely forecasted in Asia, particularly China, which is rapidly becoming self-sufficient driven by the new wave of crude-to-PX type fully integrated refinery/aromatic complexes, which will move the market further into oversupply in the medium term and depress operating rates. The new capacity additions in China will impact producing countries and possibly deter expansion elsewhere in the medium term. Some planned projects have already been postponed or cancelled.

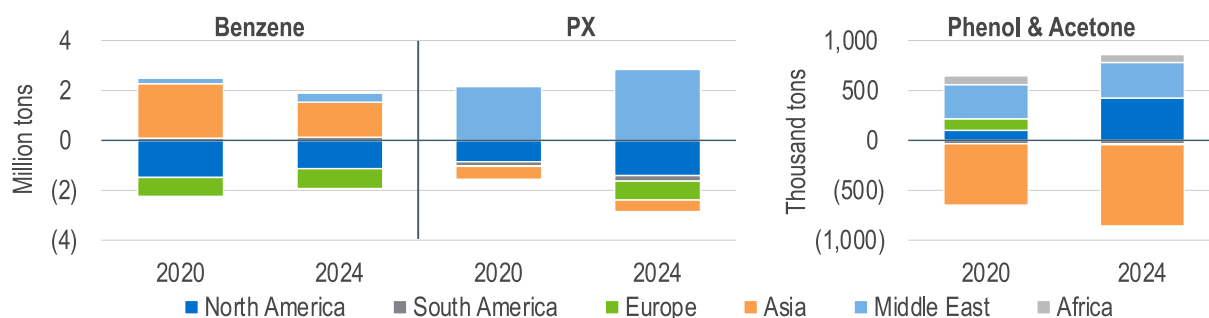
Figure (3.22): Net Capacity Additions



Note: Net capacity additions are shown for benzene, PX, phenol and acetone, and only reflect firm projects in the forecast

China will retain a net import position despite a strong surge in capacity additions, however, the country's increase in self-sufficiency will limit the exporting opportunities of other countries. Middle Eastern producers are expected to re-direct their placement of material from Asia towards Europe and North America.

Figure (3.23): Net Trade Developments for Aromatics and Derivatives



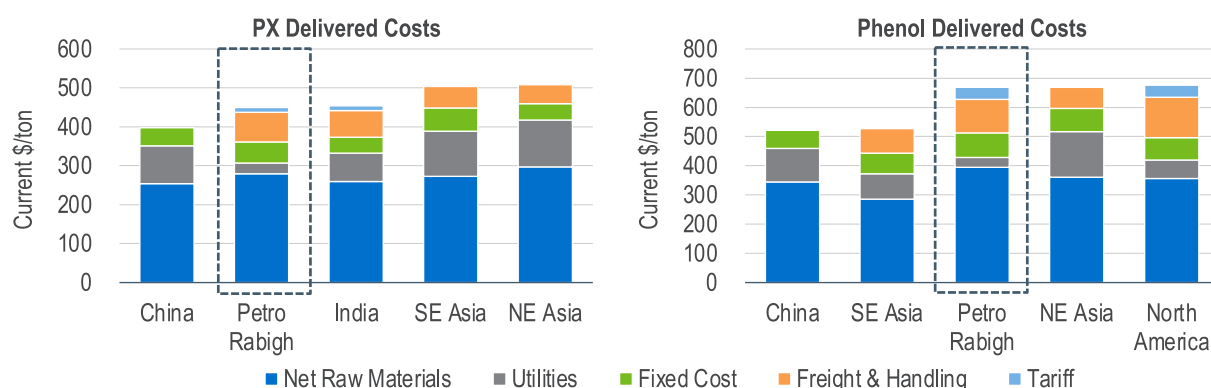
Note: Positive value indicates net export. Negative value indicates net import.

Price movements for benzene, PX, phenol and acetone are all heavily influenced by raw material costs – themselves impacted by crude oil prices – as well as product supply/demand dynamics. Market prices of benzene and PX are generally very similar across regions, while for phenol and acetones they can vary owing to more complex logistic requirements. For benzene even the regular and well-established pricing relationships have been disrupted during the worst periods of lockdown.

Profitability of benzene and PX is expected to improve following the COVID pandemic, however, levels will remain weak through 2025 following the expansion of the Asian aromatic capacity in recent years. For phenol/acetone, profitability is expected to be depressed over the next coming year and start to recover once recent capacity additions in China are absorbed.

Petro Rabigh was assessed to be modestly cost competitive in supplying PX to China, the major importer of PX in Asia. Petro Rabigh benefits from low utility costs, but its lower co-product values result in higher net raw material costs compared to Asia. Although freight costs are relatively high for phenol, Petro Rabigh's delivered costs to China are competitive with the delivered costs of other major suppliers delivering into Asia from outside the region.

Figure (3.24): Delivered Costs of Aromatics and Derivatives to China, 2020

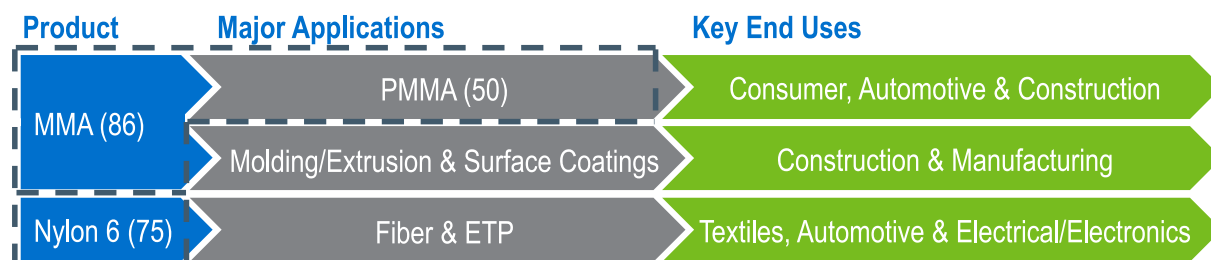


Note: Presented producers are representative of major PX and phenol suppliers to China. All PX producers are assumed to be integrated in mixed xylenes and reformate, with naphtha valued at market prices. All phenol producers are assumed to be integrated in cumene, with benzene and propylene valued at market prices.

3.6.5 Other Derivatives

Petro Rabigh also produces other higher value-added derivatives based on captive and purchased feedstocks. As the first producer of methyl methacrylate (MMA) and integrated polymethyl methacrylate (PMMA), and also the only producer of Nylon 6 in the Middle East, Petro Rabigh, is uniquely positioned as a domestic supplier in the region.

Figure (3.25): Market Trends and Competitive Positioning for Other Derivatives



Note: Product capacities of Petro Rabigh are in kta
MMA = methyl methacrylate, PMMA = polymethyl methacrylate, ETP = engineering thermoplastic

Key market trends for MMA and PMMA include the following:

- Global demand growth rates are projected at close to GDP growth rates, driven by the Asian market
- Net deficits are forecast over the medium term in Europe, Africa, China, India and some Southeast Asian countries, with limited new capacity additions centred in China and America.
- The Middle East has become and is forecast to remain a net exporter of MMA and PMMA following the start-up of two production units in 2018. Regional demand is well below that required to absorb output from these plants and surplus volumes are likely to target European and Asian Markets.
- Asia, excluding SEA and China, has traditionally been a net exporter of and is expected to be a net exporter in the forecast period, but will move into a net import position in the long term for MMA.

The competitive position of Petro Rabigh in producing and supplying MMA and PMMA is strong due to the following key factors:

- Full integration along the value chain from MTBE to isobutylene to MMA to PMMA, with MTBE produced from C4 streams sourced from Petro Rabigh's integrated refinery operations
- Alongside SAMAC, the only MMA/PMMA production capacity in the Middle East and Africa regions
- Close proximity to Europe, Africa and Asia markets
- Experience and brand reputation, with Sumitomo as an established global player

The key market trends for Nylon 6 are as follows:

- The major types of Nylon include Nylon 6 and Nylon 6,6. Globally, the market size and demand growth volumes are larger for Nylon 6 than Nylon 6,6.
- Global demand growth is forecast due to increasing product demand from engineering plastics, textile and electrical and electronics, and automatic applications. Meanwhile textile applications are now able to grow as those sectors under threat from polyester are already substituted.
- Net deficits are forecast in the medium term in Asia despite a strong capacity build in the value chain in China, with North America and Europe as significant exporters to the region.

Petro Rabigh's competitive position in producing and supplying Nylon 6 reflects the following factors:

- Nylon 6 production is based on purchased caprolactam, as is the case for many other global Nylon 6 producers
- Petro Rabigh is the first producer of Nylon 6 in the Middle East

Petro Rabigh is located in closer proximity to Asia, compared to other exporters located in North America and Europe

4. BACKGROUND ABOUT THE COMPANY AND THE NATURE OF ITS BUSINESS

4.1 Overview

Rabigh Refining and Petrochemical Company is a listed Saudi Arabian joint stock company registered under commercial registration number (4602002161) dated 15/08/1426H (corresponding to 19/09/2005G) issued in Rabigh city, Kingdom of Saudi Arabia, where its head office is located. The Company's current share capital is eight billion seven hundred sixty million Saudi Riyals (SAR 8,760,000,000) divided into eight hundred seventy-six million (876,000,000) fully paid ordinary shares with a nominal value of SAR 10 per share. The Company's registered address is P.O. Box 101, Rabigh 21911, Kingdom of Saudi Arabia.

On 18/1/1429H (corresponding to 27/1/2008G), the Company's shares were listed on Tadawul pursuant to an IPO, where 25% of the Company's share capital was offered to the public via issuance of new shares in the Company.

The objectives of the Company are the development, construction and operation of an integrated petroleum refining and petrochemical complex, including the manufacturing of refined petroleum products, petrochemical products and other hydrocarbon products, which include the following: liquefied petroleum gas, naphtha, gasoline, vacuumed gas oil, treated vacuumed gas oil, diesel, kerosene (jet fuel), fuel oil, hydrogen, nitrogen, petroleum slop, sulfur and sludge, ethylene, propylene, mono ethylene glycol, propylene oxide, benzene, para xylene, cumene, phenol, acetone, isobutylene, methyl tert-butyl, ether, methyl methacrylate, n-butane, heavy aromatics, toluene, mixed xylene, heavy ethylene glycols, raffinates, low density polyethylene, polypropylene homo polymer, polypropylene block copolymer, high density polyethylene wax, poly (methyl methacrylate), ethylene propylene diene monomer rubber, thermo plastic olefins and nylon 6 (polyamide 6).

The Company owns and operates a world-scale, integrated refining and petrochemical facility located in Rabigh on the west coast of the Kingdom of Saudi Arabia.

The original refinery was commissioned as a basic topping refinery with a crude oil processing capacity of 325k barrels per day, and debottlenecked in 1998 to increase this to 400k barrels per day. In September 2005, Saudi Aramco and Sumitomo formed an equal joint venture to develop the refinery at Rabigh into a world-scale integrated refinery and petrochemicals complex.

The Petro Rabigh Project was constructed in two phases: the Initial Facilities and the Expansion Facilities. The Initial Facilities, which commenced operations in 2009, expanded the original Rabigh refinery through the development of an integrated refinery and petrochemicals complex based on an HOFCC and an ethane cracker, and constitutes one of the largest integrated complexes of this type ever built at one time. The Initial Facilities are capable of producing 17 mtpa of refined petroleum product and 2.4 mtpa of ethylene and propylene based derivative petrochemical products.

The Expansion Facilities, which commenced construction in 2014, included the addition of an aromatics complex and an expanded cracker facility to process 30 million standard cubic feet per day of ethane feedstock, as well as 3 million tons per year of naphtha stream from the Initial Facilities to produce a broad range of petrochemical products, including specialty chemicals. A key objective of the Expansion Facilities was to create synergies with the existing production facilities, while introducing new specialty chemical products to Saudi Arabia. The Expansion Facilities were a key step towards the development of the downstream plastics industry at the Rabigh industrial site, capable of exporting to global markets. All core processing plants were put into operation, achieving on-spec production, during the first quarter of 2018. The Creditors Reliability Test (CRT) for the Expansion Facilities was successfully completed and the commercial operation of the Expansion Facilities were commenced on 31 October 2019G. The financial completion of the Expansion Facilities was achieved on 1 October 2020G) in compliance with the requirements of the lenders. The importance of financial completion of the Expansion Facilities lies in affirming the company's ability to fulfill its financial obligations by using its revenues from operations, which supports the company's financial position.

The Petro Rabigh Project is strategic to the Kingdom as it plays a key role in diversifying the economy, creating employment opportunities within an expanding domestic petrochemical sector and attracting further foreign investment and strengthening the relationship between Saudi Arabia and Japan.



Table (4.1): Key historical events

Date	Event
2005	Petro Rabigh was established as a joint venture between Saudi Aramco and Sumitomo Chemical to develop a world class integrated refining and petrochemical facility, which represents Saudi Aramco's first investment into the petrochemical sector.
2006	Construction of petrochemical plant and upgrade of the existing refinery commences.
2008	IPO of Petro Rabigh on the Saudi Stock Exchange and offering of 25% of Company's share capital. The refinery was transferred to the Company from Saudi Aramco.
2009	The petrochemical complex and the refinery upgrade were inaugurated and petrochemical production started, making it the world's largest single-phase integrated refining and petrochemical complex.
2010	Petro Rabigh awarded the Global Competitiveness Forum Award for being the company with the highest foreign investment in the Kingdom.
2014	Construction commenced on Expansion Facilities.
2014	First Polymer export from King Abdullah Port.
2015	The Expansion Facilities were transferred to the Company by the Founding Shareholders following structuring of the financing for the Expansion Facilities.
2017	Mechanical completion of the Expansion Facilities.
2017-2018	Expansion Facilities commissioning and start-up.
2019	Completion of the Creditors' Reliability Tests for the Expansion Facilities.
2019	Commencement of Commercial Operations of the Expansion Facilities.
2020	Financial completion of the Expansion Facilities.
2021	Rabigh Plus Tech Park (RPTP) acquired from Saudi Aramco and Rabigh Conversion Industry Management Services Co. (a wholly owned subsidiary of Sumitomo Chemical).
2021	Transfer of the rights and obligations under certain petrochemical products' marketing agreements from Saudi Aramco's affiliates (Aramco Chemicals Company (ACC) and Aramco Trading Singapore Pte. Ltd. (ATS)) to Saudi Basic Industries Corporation (SABIC), Arlanxco Netherlands B.V (ARX) and Aramco Trading Company (ATC).

4.2 Company's Competitive Advantages and Strengths

The Company enjoys key business and financial strengths, as summarized below:

4.2.1 World-scale Integrated Refining & Petrochemicals Complex with Expanding Portfolio of Value-Add Chemical Products

Petro Rabigh is one of the world's largest integrated refining and petrochemicals complexes, and also the first in Saudi Arabia. The complex houses a world-scale HOFCC unit and ethane cracker. The Petro Rabigh complex provides ample opportunities for further expansion. The Expansion Facilities have brought further economies of scale through integration with the Initial Facilities and associated infrastructure. The complex has its own integrated steam, water and power supply (which are owned and operated by RAWEC) and complemented with offsite assets such as storage tanks and the Marine Terminal.

The complex's high degree of integration allows for value maximization along the full value chain for both refined products and petrochemicals by enabling its products to be consumed captively for higher value-add, higher margin downstream chemicals.

Integration also helps to mitigate the volatility of the refined products and petrochemicals industry by placing Petro Rabigh's market exposure further downstream where demand is more stable.

Besides enhancing value generation, the latest expansion of Petro Rabigh is also introducing a number of derivatives that were not previously produced in Saudi Arabia and the region, including EPR, TPO, MMA, PMMA and Nylon 6.



4.2.2 Direct Access to Established Fuel and Export Infrastructure

The Petro Rabigh facility is strategically located in Rabigh on the Red Sea on the west coast of Saudi Arabia, allowing the Company to leverage the captive refined products' demand source in Makkah province as well as the export infrastructure for petrochemical products.

The Company benefits from secure pipeline and port infrastructure, operated by Saudi Aramco and Petro Rabigh, respectively. Daily amounts of crude oil are received via Saudi Aramco's existing crude oil pipeline, a spur of the main East-West pipeline that is directly connected to the refinery's storage tanks, which are owned and operated by Saudi Aramco. Ethane and butane supply to the Company is transported via Company-owned pipelines running from Yanbu to Rabigh. Additionally, in the case of any remote possibility of interruptions, the Company has the flexibility to adapt and receive crude oil feedstock by sea through the existing facilities at the Marine Terminal, demonstrating a reliable ability to secure uninterrupted supply of feedstock to the Company.

The Company has a Marine Terminal lease agreement with Saudi Aramco that grants the Company certain exclusive rights, providing access to a large sheltered port and providing for the smooth transportation of liquid products. In particular, the port is used to export a number of derivative products, primarily liquid-type products such as Mono Ethylene Glycol and Propylene Oxide. Furthermore, the Company exports its solid product types internationally through King Abdullah Port and Jeddah Islamic Port located approximately 40 km and 160 km from the Company, respectively. These facilities and arrangement give Petro Rabigh a good strategic position to export its products to the global market.

4.2.3 Favourable Marketing Arrangements enabling Access to Extensive Marketing and Distribution Networks

Petro Rabigh sells its products pursuant to long-term marketing agreements with the Founding Shareholders. The Founding Shareholders, either directly or through its subsidiaries or affiliates, place Petro Rabigh's products to the commercial market. This allows the Company to reduce direct exposure to the market, and, at the same time, allows the Company to benefit from the extensive global marketing and distribution networks of the Founding Shareholders.

Since the establishment of the Rabigh refinery, the facility played a strategic role in the supply of refined products in the Western region of Saudi Arabia. The refinery configuration and product slate were designed to address the demand in the local market. Petro Rabigh is strategically located in the Western region of Saudi Arabia near the high demand hubs of Jeddah and Makkah, having therefore a captive market which reduces the volume risk, enabling the Company to continue to operate with industry-leading utilization rates. In addition to its strategic position in refined products, the Company also plays a significant role in the development of the petrochemicals industry in the Kingdom, as the second largest producer of petrochemicals in the domestic market.

4.2.3.1 Refined Products

The Company has entered into refined products lifting and marketing agreements and offtake agreements with Saudi Aramco as sole global **"Marketer"** of refined products produced by the Complex. The agreements with Saudi Aramco provide contractual stability and visibility. See Section 4.8.1 (**"Refined Products"**) below for additional details.

4.2.3.2 Petrochemical Products

The Company originally entered into the Petrochemical Products Marketing Agreements (PPMA) with Saudi Aramco and SCA as global **"Marketers"** of Phase I and Phase II petrochemical products produced by the Complex. Saudi Aramco has since assigned its rights and obligations under its respective PPMA to its affiliates.

Specifically, as part of Saudi Aramco's long-term vision for the growth of its chemicals business and overall global chemicals strategy, on 5 October 2021 the rights and obligations with respect to the various petrochemical products produced by the Company were transferred to SABIC, ARLANXEO and ATC. The purpose of the transfer of these sales responsibilities was to consolidate expertise, optimize supply chain values, maximize value through optimized pricing, and to provide overall a better service to customers in the industry. As a result of these transfers, Petro Rabigh enhanced its access to the extensive marketing and distribution networks of the Marketers.

SABIC: In line with Saudi Aramco's growth strategies in petrochemical products, it was decided that, in the pursuit of higher values, most marketing rights for petrochemical product (as outlined in the table below) would be transferred to SABIC to execute sales logistical support and after sales support. Saudi Aramco holds a 70% shareholding in SABIC, a publicly listed Saudi joint stock company.

SABIC is one of the world's largest chemical companies, with over 40 years of growth. The company is headquartered in Riyadh and operates in 50 countries across Americas, Europe, Asia Pacific and Middle East and Africa. It serves clients in approximately 100 countries.

ARX: ARX received the marketing rights for Ethylene Propylene Rubber given the company's expertise in the global market. ARX is a wholly owned subsidiary of Saudi Aramco. ARX is one of the world's largest producers of synthetic rubber. The company is headquartered in The Hague, the Netherlands, and maintains a local presence across four continents: Europe, North and South America and Asia.

ATC: ATC received the marketing rights for Paraxylene and Benzene, given its expertise with these products in the trading market.

The obligations of SABIC, ARX, and ATC, respectively, under their respective Petrochemical Products Marketing Agreements, are guaranteed by Saudi Aramco. Sumitomo Chemical guarantees SCA's obligations under the Petrochemical Products Marketing Agreements to which it is a party.

#	Petrochemical Product	Marketer
Phase 1 Products (Initial Facilities)		
1.	Linear Low Density Polyethylene (LLDPE)	- SABIC - Sumitomo Chemical Asia
2.	Easy Processing Polyethylene (EPPE)	- SABIC - Sumitomo Chemical Asia
3.	Propylene Oxide (PO)	- Sumitomo Chemical Asia*
4.	Polypropylene (PP)	- SABIC - Sumitomo Chemical Asia
5.	High Density Polyethylene (HDPE)	- SABIC - Sumitomo Chemical Asia
6.	Mono Ethylene Glycol (MEG)	- SABIC*
Phase 2 Products (Expansion Facilities)		
7.	Paraxylene (PX)	- ATC - Sumitomo Chemical Asia
8.	Benzene (BZ)	- ATC - Sumitomo Chemical Asia
9.	Phenol (PL)	- SABIC - Sumitomo Chemical Asia
10.	Acetone (AC)	- SABIC - Sumitomo Chemical Asia
11.	Low Density Polyethylene (LDPE)	- SABIC - Sumitomo Chemical Asia
12.	Nylon-6	- SABIC - Sumitomo Chemical Asia
13.	Ethylene Vinyl Acetate (EVA)	- SABIC - Sumitomo Chemical Asia

#	Petrochemical Product	Marketer
14.	Ethylene Propylene Rubber (EPR)	- ARX - Sumitomo Chemical Asia
15.	Thermo Plastic Olefin (TPO)	- SABIC - Sumitomo Chemical Asia
16.	Methyl Methacrylate (MMA)	- SABIC - Sumitomo Chemical Asia
17.	Poly Methyl Methacrylate (PMMA)	- SABIC - Sumitomo Chemical Asia
Phase 1 & Phase 2 Products (Initial Facilities and Expansion Facilities)		
18.	Domestic Distribution Agreement (DDA)	SABIC

* Subject to a temporary swap arrangement whereby SCA's rights and obligations to lift and market mono ethylene glycol have been transferred to SABIC, and SABIC's rights and obligations to lift and market propylene oxide have been transferred to SCA.

The marketing arrangements enable Petro Rabigh products to be sold under the internationally recognized brands of SABIC, ATC, ARLANXEO and SCA. The Company's products are exported globally with marketing strategies developed to target the highest realization markets.

The established platforms of the Marketers for petrochemicals provide shortened delivery times and optimized logistics costs due to establishment of stocking points throughout Asia, leading to the establishment of strong and long-standing relationships with core customers.

4.2.3.3 Geographical analysis of the Company's revenues

The geographical analysis of the Company's revenues is shown below as of 21 September 2021:

Refined Products (Sales)		
Destinations	Volume (BBL)	%
Asia	9,057,474	11.91%
Saudi Arabia	49,495,786	65.09%
Europe	1,357,364	1.79%
Turkey, Africa	10,406,414	13.69%
India	609,611	0.80%
Others	5,114,769	6.73%
Total	76,041,418.00	100%

Refined Products (Gross Revenues)		
Destinations	Sales (SAR)	%
Asia	1,251,542,441	6.36%
Saudi Arabia	13,899,818,040	70.68%
Europe	349,787,929	1.78%
Turkey, Africa	2,661,498,855	13.53%
India	154,096,571	0.78%
Others	1,350,251,565	6.87%
Total	19,666,995,401	100%



Petrochemical (Sales)		
Destinations	Volume (MT)	%
Asia	1,801,349	56.60%
Saudi Arabia	215,465	6.77%
Europe	392,321	12.33%
Turkey, Africa	237,220	7.45%
India	154,002	4.84%
Others	382,419	12.02%
Total	3,182,776	100%

Petrochemical (Gross Revenue)		
Destinations	Sales (SAR)	%
Asia	7,032,810,609	54.71%
Saudi Arabia	957,111,118	7.45%
Europe	1,633,577,217	12.71%
Turkey, Africa	1,217,010,950	9.47%
India	705,701,683	5.49%
Others	1,308,574,094	10.18%
Total	12,854,785,672	100%

4.2.4 Unwavering Commitment and Support by the Founding Shareholders for Petro Rabigh

Petro Rabigh is an independent refining and petrochemical company established with the corporate culture of two world class Founding Shareholders: Saudi Aramco and Sumitomo Chemical. The vision and strategy of the complex has been closely developed and aligned with the Founding Shareholders to become one of the world's largest and leading integrated refining and petrochemical complexes, globally recognized as an industry leader and committed to the development and contribution of the local economy. Furthermore, the objectives of Petro Rabigh, which include value maximization, are closely aligned with those of its shareholders.

The Founding Shareholders have demonstrated unwavering support for Petro Rabigh, including continuous alignment on dynamic production planning while providing sustainable supply of feedstock at competitive prices and continued off-take and placement of both refined and petrochemical products in local and global markets.

In addition, through human capital commitment and established secondment agreements, Petro Rabigh enjoys access to the knowledge and experience of the world's largest integrated energy enterprise and the technological capabilities of one of the most innovative and diverse chemical companies. Additional human capital investment is made in local staff who are sent to overseas facilities of the Founding Shareholders.

As part of their long-term support for the Company, the Founding Shareholders have also provided credit facilities to Petro Rabigh to be used for, among other things, general corporate and working capital purposes.



4.2.5 Extensive Operational Processes and Procedures Designed to Ensure Sustainable and Consistent Operational Performance

In order to transform the Company's performance, management developed a comprehensive transformation roadmap, consisting of six major pillars, one of which was to achieve and sustain plant integrity and reliability through (i) increasing plant utilization rates, (ii) establishing an asset integrity committee, (iii) restructuring the maintenance systems, and (iv) improving plant reliability.

As evidenced from the figures within the table below, the Company successfully extended the upward trend of operational availability it had been sustaining over the past years, into 2021.

	2018	2019	2020	30 September 2021
Plant Availability	88%	97%	97.2%	98.2%

The Company is exerting efforts to maintain a minimum average availability target of 98% for the future years while striving for 100%. The Plant availability is derived after excluding any planned outages or periodic T&Is.

The Company launched a program in 2021G, which has already contributed over (USD 82,000,000) (equivalent to SAR 307,500,000) in value directly to the net profits of the Company as at 31 December 2021G, through the implementation of approximately 45 initiatives aimed at generating additional revenue and/or cost reduction. During the period from 2022 – 2024, the Company is expecting to implement another 125 initiatives to ultimately create additional value for the Company.

In addition, as part of the Company's strategy for diversification of power reliance for operations in the Expansion Facilities, the power requirement is procured primarily from the IWSPP and, supplementarily from SEC, in case of supply shortages and emergency support, if needed. The Company also has the option to sell any excess electricity to SEC under pre-agreed terms. The introduction of power supply from SEC enhances the reliability of utilities supply to ensure sustainable operations of the Company's facilities.

4.2.6 Competitive Cost and Cash Positioning Relative to Global Petrochemicals Producers

A significant cash cost advantage of the Company is its working capital cycle. The Company collects payment for the product it sells in a relatively shorter period approximately within 45 days than the period required to pay its suppliers for the feedstock it uses approximately within 75 days. This working capital structure helps the Company to manage its cash liquidity and constitutes a protective short term buffer against variations in crude prices.

4.2.7 Strategic Role in Supply of Refined and Petrochemical Products in the Kingdom

Since the establishment of the Rabigh refinery, the facility has played a strategic role in the supply of refined products in the Western region of Saudi Arabia. The refinery configuration and product slate were designed to address the demand in the local market. Petro Rabigh is strategically located in the Western region of Saudi Arabia near the high demand hubs of Jeddah and Makkah, having therefore a captive market which reduces the volume risk, enabling the Company to continue to operate with industry-leading utilization rates.

The Company sells all its refined products at international market prices. These sales are through off-take sale and lifting and marketing agreements with Saudi Aramco, playing an important role in the supply of key products in Saudi Arabia. Historically, Saudi Aramco has allocated almost the entirety of the refined products purchased from the Company to the domestic Saudi Arabian market. Almost one hundred percent of LPG, gasoline, diesel and fuel oil as well as the near entirety of Jet Fuel lifted are sold domestically, with only naphtha targeted for exports. This strategy by Saudi Aramco positions the Company uniquely in the context of the Saudi refining industry.

In addition to its strategic position in refined products, the Company also plays a significant role in the development of the petrochemicals industry in the Kingdom, as the second largest producer of petrochemicals in the domestic market. This places Petro Rabigh at the center of Saudi Arabia's strategy for petrochemicals.

4.3 Strategy

The Company has recently defined its 'Vision', which has been described as **"Best in class integrated refining and petrochemical company, operating in a sustainable manner"**, which has been approved by the Company's Board of Directors. This vision is supported by a set of key 'Values', namely, Integrity, Excellence, Teamwork, Passion, Citizenship and Accountability. These Values have led to the development of Strategic Objectives built upon the following pillars: Safety, Asset Management, Net Cash Margin, Commercial Excellence, People, Work Environment, Sustainability, Business Competitiveness, and Financials. The direction and guideline to achieve these strategic objectives are briefly detailed below.

The Company has implemented a number of initiatives to achieve its strategy.

4.3.1 Safety

Workforce Safety, employees and contractors, and the protection of assets, serve as the foundation of the Company's operation. Achieving **"Zero Safety Incidents"** requires a mature safety management system, including Process Safety, and strong Leadership at all levels of Management.

The Company will continue to improve its safety performance, by focusing on the following key aspects:

- Increasing safety performance reviews through the Health Safety, Security and Environment steering committee.
- Increasing awareness of safety requirements and procedures through training programs such as Safety Boot Camp and other virtual and classroom trainings.
- Enhancing employee competency levels in relation to Safety.
- Establishing contractor minimum competency testing.
- Reviewing Operation and Maintenance procedures to improve clarity.
- Establishing an independent Compliance Team to understand and address areas of non-compliance.
- Continuing periodic chemical process hazard review and risk assessments.
- Conducting internal and external assessments of the safety management system to understand and address areas of non-compliance.

4.3.2 Asset Management

The number and variety of the process plants poses a high level of complexity that continues to make plant reliability challenging. To ensure improvement in the mechanical availability, the Company intends to implement a number of initiatives, which include the following:

- Establishing an experienced cross functional Reliability Group to review in a comprehensive manner the significant failures (in monitory terms) and to ensure that recommendations are addressed.
- Establishing a Reliability Management System that links current systems.
- Completing the implementation of the **"Operating Windows"** concept which establishes safe and acceptable operating limits across the critical components of the integrated facility.
- Completing the first round of Risk Based Inspections for all of the process plants, including full evaluation of Damage Mechanisms and mitigation measures.
- Establishing a Turnaround and Inspection (T&I) Management System to improve overall efficiency.



4.3.3 Net Cash Margin

Net Cash Margin can only be maximized by having a high level of Plant Availability, increasing yields and production of value added products and by optimizing operating costs.

The Company is implementing short-term and long-term initiatives to improve revenue generation and cost reduction, and such initiatives include:

- Regularly reviewing manning requirements.
- Expanding long-term supplier agreements to address high cost line items.
- Implementing low cost debottlenecking of the key plants.
- Continuing Improving Maintenance Efficiency.
- Reviewing and enhancing Operating Plant KPIs, including Energy utilization.

4.3.4 Commercial Excellence

Managing all of the Company's marketing and offtake agreements to maximize value to the Company requires knowledge of the actual market prices, specifications and needs. To ensure that the Marketers are maximizing value for the Company, the Company intends to:

- Enhance the Marketing Agreements to incentivize the Marketers to improve profit margins.
- Establish performance based KPIs for the Marketers.
- Establish feedback loops with the Marketers to broaden the production of products.
- Track internal logistics costs (packaging and shipping) through KPIs.
- Develop a packaged program to attract Investors for the PlusTech Park and synergistic investments.

4.3.5 People

The most important asset of the Company is its people. To attract the right talent, Petro Rabigh will continue benchmarking the salaries and benefits within the domestic peer based industry to ensure competitiveness. Retaining high performing talent and employee development has been an area of focus for the past many years.

To continue and further enhance these areas, the Company intends to:

- Clearly define career growth opportunities.
- Continue the development and expansion of Computer-Based Training, such as virtual learning, among other things.
- Continue Succession Planning enhancements with emphasis on development needs.
- Develop a Management performance based incentive program.

4.3.6 Work Environment

The Company aims to create an engaging work environment by fostering a collaborative and rewarding performance-based culture. Building on the "Employee Culture" survey conducted in previous years, the Company's management is focusing on three (3) main areas:

- Change from "Controlling" environment towards "More Delegation"
- Change from a "Cautious" approach towards "Managing Risk"
- Change from an "Individualistic" approach towards "Teamwork"



4.3.7 Sustainability

The Company intends to evolve its business into a sustainable business through the strengthening of environmental, social and governance (ESG) aspects. The main drivers that will require focus are:

- Reducing Petro Rabigh's environmental footprint through minimizing GHG, waste and pollution.
- Establishing a healthy, safe, fair and diverse workplace.
- Proactively supporting society through educational programs and upskilling employees.
- Effectively managing corporate risks arising from environmental, social and market trends.
- Ensuring reporting transparency and accountability through effective governance.

4.3.8 Business Competitiveness

The Company intends to improve its business competitiveness through a number of actions, which include:

- Re-evaluating the Bottom-of-the-Barrel technical options along with economics, which is one of the expansion plans that will increase profitability of refinery margin. See Section 4.9 ("Expansion Plans") below.
- Identifying short and long-term solutions to Diesel Quality.
- Commissioning a detailed study for RAWEC conversion to Sales Gas.
- Pursuing investor interests in producing Caprolactam on-site to help improve Nylon-6 economics.

4.3.9 Achieve a Sound Financial Structure

As stated above under Section 4.3.3 ("Net Cash Margin") in relation to net cash margin, the Company has launched sustainable short-term initiatives, being implemented through the shareholder value improvement program, over the short and medium term and the program will also ensure improvements in revenue generation and cost reduction. Further, over the long-term period (within next ten years), all current debt is planned to be repaid.

4.4 Subsidiaries

The Company has no Subsidiaries.

4.5 Capital and Ownership Structure

4.5.1 Historical Changes in Capital

The Company was first established with a share capital of SAR 750,000,000. Since its formation, the Company has undergone a number of share capital restructurings as summarized in the below table:

Date	Type of Restructuring	Share Capital Pre-Re-structuring	Share Capital Post-Re-structuring	Method of the Capital Restructuring
30/1/2006G	Capital increase in the amount of SAR 1,875,000,000	SAR 750,000,000	SAR 2,625,000,000	Issuance of new shares for cash to the Founding Shareholders
6/2/2007G	Capital increase in the amount of SAR 2,625,000,000	SAR 2,625,000,000	SAR 5,250,000,000	Issuance of new shares for cash to the Founding Shareholders
16/4/2007G	Capital increase in the amount of SAR 1,320,000,000	SAR 5,250,000,000	SAR 6,570,000,000	Issuance of new shares for cash to the Founding Shareholders
27/01/2008G	Capital increase in the amount of SAR 2,190,000,000	SAR 6,570,000,000	SAR 8,760,000,000	Issuance of new shares for public subscription, as part of the Company's IPO



From the date of establishment until the date of the IPO, each Founding Shareholder held 50% of the total issued share capital of the Company. Immediately prior to the IPO, the 50% held by each Founding Shareholder equated to 328,500,000 shares each. In the IPO, an additional 219,000,000 primary shares were issued and offered to the public.

The paid-up capital of the Company following the Offering will be sixteen billion seven hundred ten million Saudi Riyals (SAR 16,710,000,000) divided into one billion six hundred seventy-one million (1,671,000,000) shares with a nominal value of SAR 10 per share.

4.5.2 Ownership Structure

The following table summarizes the share capital of the Company:

Shareholder	Current Shares	Percentage (%)
Saudi Aramco	328,500,000	37.5%
Sumitomo Chemical	328,500,000	37.5%
Public	219,000,000	25.0%
Total	876,000,000	100.0%

It should be noted that the Founding Shareholders have each undertaken to subscribe in all of their prorated share in the New Shares, representing in aggregate 75% of the Offering, through the capitalization of (SAR 5,962,500,000) of amounts payable by the Company to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement entered into between the Company and the Founding Shareholders (for more details, please refer to Section 7.2.1 ("Rabigh 1 Shareholder Loan Agreement ") and Section 11.2 ("Commitment from Founding Shareholders"). Accordingly, upon exercise of the Rights of the Founding Shareholders, in accordance with their commitments, there will be no change in their ownership percentage in the share capital of the Company.

4.5.3 Founding Shareholders

The Founding Shareholders have extensive experience in operating refineries and petrochemical plants. Saudi Aramco currently operates large domestic refineries, and it is a partner in a number of domestic and international joint ventures and affiliates that operate refineries and petrochemical plants. Sumitomo Chemical has been operating petrochemical plants since 1958 and currently operates two petrochemical complexes, one in Japan and one in Singapore.

4.5.3.1 Saudi Aramco

Saudi Aramco was established in the Kingdom as a company with limited liability by virtue of Royal Decree No. M/8 dated 4/4/1409H (corresponding to 13/11/1988) to assume the privileges and rights of its predecessor. On 1/1/2018, the Company was converted into a joint stock company pursuant to Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017) and is registered in the city of Dhahran under commercial registration number 2052101150 dated 11/07/1439H (corresponding to 28/3/2018) with Saudi Arabian Oil Company as its official name. Its registered head office is located at P.O. Box 5000, Dhahran 31311, Kingdom of Saudi Arabia. Its share capital is sixty billion Saudi Riyals (SAR 60,000,000,000), consisting of two hundred billion (200,000,000,000) fully paid ordinary shares with no par value. Aramco's primary operating segments are Upstream and Downstream, which are supported by corporate activities.

On December 11, 2019, Saudi Aramco completed its IPO and its ordinary shares were listed on Tadawul. In connection with the IPO, the Government, being the sole owner of Saudi Aramco's shares at such time, sold 3.45 billion ordinary shares representing 1.73% of Saudi Aramco's share capital. In addition, concurrently with the IPO Saudi Aramco acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750 million which are being classified as treasury shares. These shares are for use by Saudi Aramco for its employee share plans.

Saudi Aramco's upstream operations are based in the Kingdom, and as at 31 December 2020, Saudi Aramco's reserves were 255.2 billion barrels of oil equivalent. Saudi Aramco's oil equivalent reserves were sufficient for a proved reserves life of 56 years, consisting of 198.8 billion barrels of crude oil and condensate, 25.2 billion barrels of NGL and 191.6 trillion standard cubic feet of natural gas.



Saudi Aramco operates one of the world's largest refining businesses, with a gross refining capacity of 6.4 million barrels per day as at 31/12/2020G. As the sole supplier to the large domestic marketplace, Saudi Aramco's refining operations in the Kingdom, including its domestic affiliates, accounted for 59% of its net refining capacity in 2019 and 2020. Saudi Aramco's international refining footprint is focused in key growth geographies, particularly in Asia, that offer an opportunity for Saudi Aramco to place its crude oil and reach new customers in growing economies that are net importers of crude oil. In 2020, Saudi Aramco's net refining capacity for its operational international wholly owned and affiliated refineries was 1.5 million barrels per day.

4.5.3.2 Sumitomo Chemical

Sumitomo Chemical commenced business in Japan in 1913 as a manufacturer of fertilizers from the gasses emitted from the refining of copper. It later expanded its operations by entering into the chemicals (dyes and pharmaceuticals) business in 1944, the crop sciences business in 1953 and petrochemicals in 1958. In 1984, Sumitomo's pharmaceuticals business was spun-off and in 2005 merged with Dainippon Pharmaceutical to form Sumitomo Dainippon Pharma. Sumitomo Chemical began operating outside of Japan in 1984, at the commencement of operations in its petrochemical complex in Singapore. It later expanded its international footprint via the establishment of Valent USA in 1988, Dongwoo Pure Chemicals (subsequently changed to Dongwoo Fine-Chem) in South Korea in 1991 and Petro Rabigh in Saudi Arabia in 2005.

Sumitomo Chemical is headquartered in Tokyo and employs more than 30,000 people across the globe. Today, Sumitomo Chemical is one of Japan's leading chemical companies, offering a diverse range of products in five business sectors: Petrochemicals and Plastics Sector; Energy and Functional Materials Sector; IT-related Chemicals Sector; Health and Crop Sciences Sector; and Pharmaceuticals Sector. Its operations are undertaken through over 300 subsidiaries and affiliates worldwide.

Sumitomo Chemical's Petrochemicals & Plastics Sector is developing high value-added products in anticipation of customer needs and also has been providing a stable supply of high-quality products in the worldwide market. Its relationships of trust with core customers in the Asian market, cultivated over many years, are also a major strength of Sumitomo Chemical. In Saudi Arabia, Sumitomo Chemical is manufacturing cost-competitive products, taking advantage of the low prices of raw materials and fuel in that region. Moreover, in order to contribute to the creation of a post-carbon society and a circular economy, Sumitomo Chemical is not only pushing forward with technology development relating to material recycling and chemical recycling but also advancing initiatives to have the results of that development deployed in society.

The Energy & Functional Materials Sector manufactures and sells high-performance materials, such as battery materials and super engineering plastics, and provides solutions to improve the performance of eco-friendly products, such as electric vehicles. A major core competency of this sector is its global business development capability, as shown by products where Sumitomo Chemical holds the top global market share, such as high-purity alumina and resorcinol, and also by its separators for lithium-ion secondary batteries, which offer world-class heat resistance. These products are also the result of its other core competencies: research and development capabilities as well as its evaluation, manufacturing, and process technologies.

The IT-related Chemicals Sector contributes to improving the performance and productivity of semiconductors and displays by providing highly functional display-related materials and high quality semiconductor materials. In order to respond to the generational shift in display technology from liquid crystal to organic light-emitting diodes (OLEDs), Sumitomo Chemical is working to expand the OLED display business and enhance the competitiveness of its LCD components business. In addition, Sumitomo Chemical is focusing on developing semiconductor materials and expanding its production capacity in this area, which will support increasingly sophisticated semiconductor manufacturing technologies.

The Health & Crop Sciences Sector contributes to improving food productivity around the world by providing such specialized solutions as crop protection and enhancement products and agricultural materials, and methionine. Sumitomo Chemical globally distributes not only agrochemical products developed in-house but also unique biorational crop protection and enhancement products and post-harvest solutions with high market shares. The strength of its crop protection business is in the lineup of unique crop protection products and the research and development capability that created it, as well as its global sales network. Moreover, in the methionine business, Sumitomo Chemical offers a stable supply, with integrated production from raw materials using advanced production technology.

In terms of the Pharmaceutical Sector, Sumitomo Chemical, through companies within its group, develops and markets prescription and diagnostic drugs, supporting people in leading healthy and active lives. In the prescription drug business, their core competency is their R&D capability, particularly in the areas of psychiatry & neurology, oncology, and regenerative medicine/cell therapy. In the diagnostic drug business, their core competencies are their solid experience and technologies cultivated over 50 years. In addition, their ability to cooperate with the Group to make the best use of the company's foundational technologies, including genome analysis and cell differentiation, is one of their major strengths.

4.6 Facilities and Operations Overview

The Petro Rabigh Complex is located in Rabigh on the Red Sea, approximately 40 km north of King Abdullah Economic City, 160 km north of Jeddah and 185 km south of Yanbu. The town of Rabigh is situated 10 km northeast of the refinery and has a population of approximately 42,000.

Figure (4.1): Facilities and Infrastructure Map



4.6.1 Feedstock Supply

The Petro Rabigh Complex is a large industrial area of approximately 3,000 acres. It procures crude oil, ethane and butane feedstock from Saudi Aramco to produce the expected quantity and quality of refined and petrochemical products.

The crude oil feedstock is supplied via Saudi Aramco's existing crude oil pipeline, a spur of the main East-West pipeline, which connects at Yanbu terminal. Saudi Aramco retains custody over the Kingdom's terminal system, including Yanbu. The Company also has the ability to import additional crude oil feedstock from Saudi Aramco through the existing import facilities at the Marine Terminal, as needed.

Daily amounts of crude oil are received via Saudi Aramco's existing crude oil pipeline, a spur of the main East-West pipeline that is directly connected to the refinery's storage tanks, which are owned by Saudi Aramco. Currently there are 4 crude tanks adjacent to Petro Rabigh premises having capacity of 1 million barrel per tank. Ethane and butane are supplied via the Yanbu to Rabigh pipelines which were constructed and are owned by the Company and are operated by Saudi Aramco pursuant to the pipeline operations and maintenance agreement between the Company and Saudi Aramco.

4.6.2 Marine Terminal

The Petro Rabigh Complex enjoys access to a large sheltered port, which is entered via a 1,300m long and 400m wide channel. The deep-water entrance channel, with a depth of 28m and width of 240m, leads to a turning basin with a depth of 27m and a diameter of approximately 900m. The deep-water port, turning basin, pioneer port liquid cargo ports, loading and unloading arms constitute the Marine Terminal.

The Marine Terminal is owned by Saudi Aramco and is leased to Petro Rabigh. The berths are designed to handle bulk oil vessels. The layout of the marine facilities is designed with consideration to existing structures, geographical and environmental data, and shipping logistics.

The Marine Terminal has undergone modifications to cater for new petroleum product exports. The refinery berths have undergone minor modification and are utilized to export fuel oil, diesel, naphtha, jet fuel, export and domestic gasoline. Two new petrochemical berths were added with expansion facility to export benzene, phenol, acetone and to receive methanol, other feedstocks. The new berths are able to receive vessels of 5,000 to 50,000 Dead Weight Tonnage capacities, with facilities such as dedicated loading arms, dedicated metering facilities, stripping and drainage, nitrogen supply, safety, instrument and control systems, and general services required for marine operations.

The solid polymer products (HDPE, EPPE, LLDPE and PP) is exported via Jeddah port, the Kingdom's principal port that can accommodate the latest generation of large container vessels, and the port at King Abdullah Economic City.

4.6.3 IWSPP

The Petro Rabigh Complex receives desalinated water, steam and power from the IWSPP, developed and operated by RAWEC. The IWSPP consists of a power island located on the Rabigh site. Power and steam are generated from steam turbines and boilers fuelled by heavy fuel oil and desalinated water from reverse osmosis systems. The supply of utilities from the IWSPP is governed by the WECA, a conversion arrangement under which Petro Rabigh provides sea water and heavy fuel oil to RAWEC free of charge, which RAWEC converts to utilities for provision to the Petro Rabigh Complex for an agreed tariff. In order to meet the utility requirements of the Expansion Facilities, the IWSPP was also expanded during this phase of the construction of the Petro Rabigh Complex.

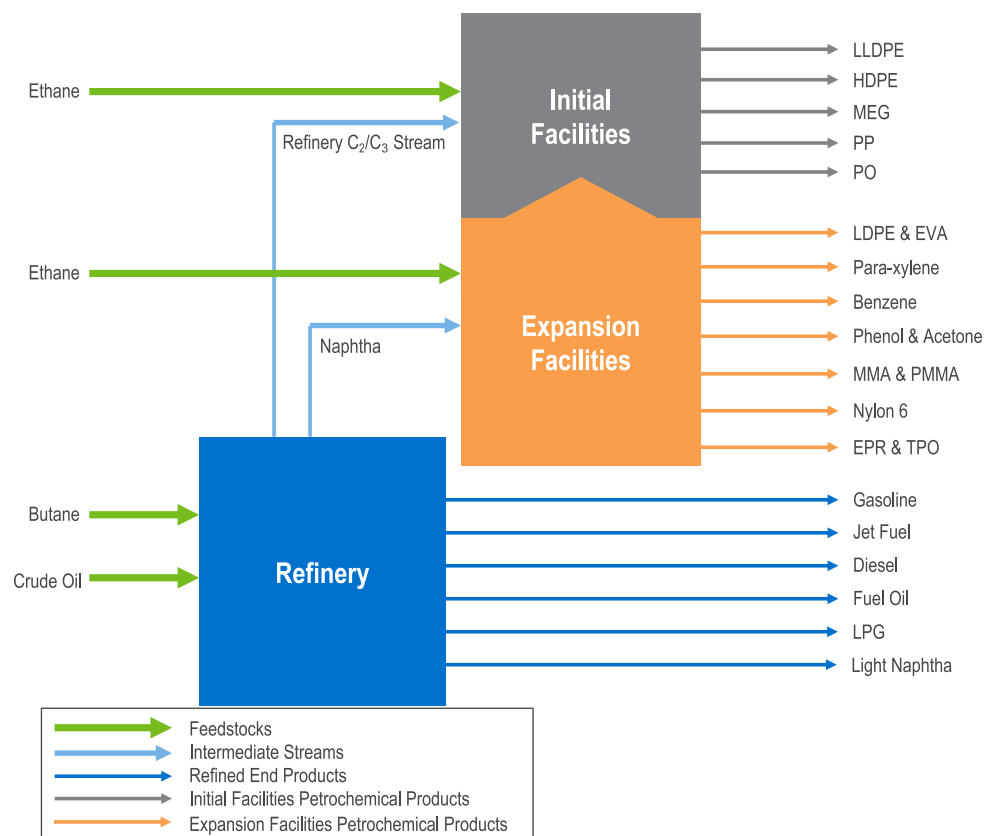
RAWEC is a limited liability company duly organized and existing under the laws of the Kingdom with its head office at Jeddah. RAWEC's current shareholders are as follows:

- | | |
|--|-----|
| • ACWA Power | 74% |
| • Oasis Power One Conventional Energy & Water Company (Oasis), a wholly owned subsidiary of ACWA Power | 25% |
| • Petro Rabigh (shareholder and offtaker) | 1% |

The Initial Facilities IWSPP and the Expansion Facilities IWSPP operate on an integrated basis with one-unit redundancy for steam and power and two-unit redundancy for water. The integrated IWSPP and the Petro Rabigh Complex are also connected to the SEC grid in order to import electrical power should the need arise.

4.7 Company Business Activities

Figure (4.2): Business Activities



4.7.1 Production Feedstock Supply

The Company has entered into a number of arrangements with Saudi Aramco for the supply of a variety of feedstock required by the Company to produce the expected quantity and quality of refined and petrochemical products. Each unit in the Petro Rabigh Complex requires feedstock, chemicals, catalysts and ancillaries, including Sales Gas, electricity, steam, water, hydrogen, oxygen and nitrogen. Due to the integrated nature of the Petro Rabigh Complex, most units rely on units further upstream for their feedstock. In addition, since the commencement of operations of the Expansion Facilities, there are extensive interfaces between the Initial Facilities and Expansion Facilities, with the Initial Facilities supplying several main feedstock and receiving return by-product streams. All feedstock and product streams between the Initial Facilities and the Existing Facilities are connected through storage tanks.

The following table provides a summary of the daily contracted amounts of feedstock supplied pursuant to the various feedstock agreements between the Company and Saudi Aramco:

Feedstock	Maximum Amount
Crude oil	400,000 bpd
Butane	12 bpd
Ethane	125 mmscfd
Sales Gas	50 mmscfd



4.7.2 Production Processes

The Petro Rabigh facilities use a range of open-art and licensed technologies. The licensed, proprietary technologies are from proven and established licensors and the non-licensed, open-art technologies are consistent with the best industry practice and standards.

Table (4.2): Petro Rabigh Units

Unit
Initial Facilities
Crude Distillation
Naphtha Merox
Kerosene Merox
Gas Oil Hydrodesulphurisation
Amine Treating
Sulphur Recovery
Hydrogen Production
Vacuum Distillation
VGO Hydrotreater
High Olefins Fluid Catalytic Cracking
C4 Isomerisation & Splitting
C4 Alkylation
Sulphur Recovery 2
Hydrogen Production 2
Sour Water Stripper 2 & 3
Amine Regeneration Unit 2 & 3
Ethane Cracker
Linear Low Density Polyethylene 1& 2
High Density Polyethylene
Polypropylene- Homopolymer
Polypropylene- Co-polymer
Propylene Oxide
Mono Ethylene Glycol
Butane - 1
Expansion Facilities
Ethane Cracker expansion
Naphtha Reformer and Aromatics Complex
MTBE, Isobutylene
Metathesis
Cumene
Phenol
MMA
PMMA
LDPE, EVA
EPR
TPO
Nylon 6



Petro Rabigh's HOFCC unit plays a central role in the integration of the complex, as it converts low value heavy oils to valuable lighter products like gasoline and key feedstock for petrochemical production:

- Propylene (main output of HOFCC) and, to a lesser extent, ethylene, for the production of propylene and ethylene derivatives
- Naphtha for the new naphtha reformer / aromatics complex
- Mixed C4 for the new MTBE unit

In addition, an ethane cracker was built to convert ethane to ethylene to be used as a feedstock for petrochemical products. Both ethylene and propylene, produced by the cracker and HOFCC, respectively, are fed to petrochemical units, producing polyethylene/polypropylene polymers, propylene oxide and mono ethylene glycol. A C4 stream rich in butane is imported by pipeline and processed in the alkylation unit within the complex to produce gasoline blending component. The import of ethane and pyrolysis cracking to ethylene is a well-established and proven technology. The ethane cracker capitalizes on the feedstock availability within Saudi Arabia and allows the economic recovery of the ethylene produced within the HOFCC. Similarly, the propylene from the ethane cracker is recovered within the HOFCC.

The configuration of the Expansion Facilities entailed the expansion of the existing ethane cracker to process an additional 30 mmscfd of ethane, to bring the combined processing capacity of the complex to 125 mmscfd, and the addition of a new naphtha reformer/aromatics complex processing more than 2.7 mtpa (net) of naphtha. In addition to producing over 1.3 mtpa of paraxylene, the Expansion Facilities produces a diverse slate of other petrochemical products, most of which were not produced previously in Saudi Arabia, such as EPR, TPO, MMA, PMMA and Nylon-6.

The Initial Facilities and the Expansion Facilities are inter-connected and operate on an integrated basis. Some products produced in the Initial Facilities are used (in addition to imports) as feedstock and intermediate streams to the Expansion Facilities.

4.7.3 Product Descriptions

Petro Rabigh's total production capacity is approximately 19.5 mtpa of refined and petrochemical products. The following table illustrates the breakdown of the Initial Facilities and Expansion Facilities product slate:

Table (4.3): Facilities Product Slate

Product	Current Aggregate capacity of Facilities (ktpa)
Diesel	4,782
Fuel Oil	5,045
Gasoline	2,036
Jet Fuel	2,127
LPG	200
Naphtha	598
Subtotal	14,788
Polyethylene	900
MEG	600
PP	700
PO	200
Acetone	169
Benzene	172
EPR	66
EVA	68
LLDPE	85
MMA	37
Nylon 6	75
PMMA	49



Product	Current Aggregate capacity of Facilities (ktpa)
Paraxylene	1340
Phenol	275
TPO	15
Subtotal	4,751
Total	19,539

Petro Rabigh's products are used in end products such as plastics, detergents, lubricants, resins, coolants, anti-freeze, paint, carpets, rope, clothing, shampoo, auto interiors, epoxy glue, insulation, film, fibers, household appliances, packaging, candles, pipes and many other applications.

4.7.3.1 Refined Products

Refined petroleum products are used primarily as fuels and petrochemical feedstock. The specifications of refined products for fuel use are driven largely by quality and environmental considerations. Middle distillate (gasoline, diesel/gas oil, kerosene/jet fuel) product specifications (octane, cetane, Sulphur content, Reid vapor pressure and density) vary within countries and regions. In addition, environmental regulations and vehicle performance limit the amounts of the other components (lead, aromatics/benzene and olefins content) of fuels. Gasoline and diesel have the largest markets, predominantly for road vehicles. The composition of naphtha is determined by the content of paraffins, olefins, naphthenes and aromatics. The degree to which each component is present will determine the suitability, process conditions and yield, and therefore salability of that particular grade of naphtha.

4.7.3.2 Ethylene Derivatives

Ethylene is the leading petrochemical industry feedstock and is produced from steam cracking of hydrocarbons such as naphtha, gas oil, ethane and LPG. The yield of ethylene is highest with lighter feedstock (ethane and LPG) and lowest with heavier feedstock (naphtha and gasoil). Ethylene is used to produce polyethylene, ethylene glycol, ethylene dichloride, vinyl chloride monomer, butene-1, industrial ethanol, styrene and acetic acid. The end use consumer applications are diverse, ranging from plastics to detergents, lubricants and adhesives. Plastics are the fastest growing end use application as they are increasingly substituting traditional materials such as metals and wood. Petro Rabigh produces ethylene from its ethane cracker unit.

4.7.3.2.1 Polyethylene

PE is a polymer of ethylene produced under varying conditions of temperature and pressure in the presence of a catalyst. The type of polyethylene produced depends on the operating conditions and use of co-monomers, such as butene-1 and hexene-1. The most common types are LDPE, HDPE and LLDPE, and each type has its own characteristics that impart physical and chemical properties such as flexibility, strength, stiffness, durability and water and chemical resistance. PE plants produce resins that are sold to converters, which then use molding processes to manufacture an end product that can be used directly by the consumer. The most common applications are film and sheet packaging, durable household products, cable and wire insulations and liners.

4.7.3.2.2 Mono Ethylene Glycol

MEG is a colorless, odorless and hydroscopic liquid produced from a direct conversion of ethylene to the 'mono' grade of ethylene glycol. There are two main grades of ethylene glycol: fiber and industrial. Fiber grade is used to react with terephthalic acid to produce polyester fiber and polyethylene terephthalate resins; and industrial grade is used for the manufacture of coolants and anti-freeze. The Company produces fiber grade MEG.

4.7.3.3 Propylene Derivatives

Propylene is the world's second largest petrochemical feedstock and is predominantly produced by steam cracking or refining processes. Three grades are typically produced (refinery, chemical and polymer grade) from three types of operation (steam cracking, on-purpose and fluid catalytic cracking units). Steam cracking is the largest contributor to global propylene production. Propylene is used as a feedstock for polypropylene, propylene oxide, acrylic acid, acrylonitrile and synthetic alcohols manufacture. More than 60% of propylene chemical/polymer grade is used for production of polypropylene. End use consumer applications are wide and range from carpets, rope, clothing, automotive plastics, paints and epoxy glue. The Company produces propylene on-site from HOFCC and Metathesis.



4.7.3.3.1 Polypropylene

PP is the world's second largest plastic by demand, with unique and similar applications to PE. There are three main types of PP: homopolymer (containing only propylene), block co-polymers (polymer with ethylene dispersed in blocks) and random co-polymers (polymer with other monomers dispersed randomly). These types differ in properties (such as density, stiffness, melt flow, clarity and strength) and therefore end uses. The wide range for physical properties, relative ease of processing and low density has made PP an extremely attractive material that has substituted more expensive resins in a number of demanding applications. PP resins are sold to converters for various end markets: film; fibers; durable household goods; automotive applications; sheet; and pipes. The Company produces biaxially oriented film (a homopolymer PP grade), yarn and injection grade and block co-polymer.

4.7.3.3.2 Propylene Oxide

PO is the second largest end use propylene and is used primarily as a chemical intermediate. The Company uses Sumitomo Chemical's proprietary technology to produce PO directly from propylene and cumene without any by-products. The majority of PO is used to produce polyether polyols for the polyurethane (foams and elastomers) industry and propylene glycol (used in unsaturated polyester resins).

4.7.3.4 Aromatics and Derivatives

Aromatics are hydrocarbon compounds that are derived from petroleum. The aromatics complex mainly produces paraxylene as well as other products, such as benzene and heavy aromatics.

4.7.3.4.1 Paraxylene

Paraxylene is an aromatic hydrocarbon based on benzene with two methyl substituents. It is a colorless, flammable liquid that is insoluble in water. Paraxylene is used primarily as a feedstock for the manufacture of purified terephthalic acid ("PTA"), which is an important chemical in the production of fiber and plastic bottles.

4.7.3.4.2 Ethylene Vinyl Acetate

EVA is the copolymer of ethylene and vinyl acetate. It is an elastic material that can be diffused to form a porous material similar to rubber, albeit with greater toughness. EVA has good barrier properties, low-temperature toughness, stress-crack resistance, hot-melt adhesive waterproof properties, and resistance to ultraviolet radiation. EVA has little or no odor and competes with rubber and vinyl products for usage in many electrical applications. EVA is typically found in a powder form and used in the production of films, wire coating and adhesives. It is also used as a chlorine free substitute for PVC, primarily in non-building materials such as toys, athletic shoes and occasionally as a protective film or binder.

4.7.3.4.3 Methyl Methacrylate and Poly Methyl Methacrylate

MMA is a colorless liquid, and it is mostly used in the production of PMMA and copolymer methyl methacrylate-butadiene-styrene (which is used as a modifier for PVC). Other than being used for the production of further compounds, MMA is also applied in the medical field as cement in hip and knee replacements. Orthopedic surgeons use MMA as the "grout" to make the bone inserts fix into bone, which greatly reduces postoperative pain from the insertions but has a finite lifespan. It is also used in fracture repair treatments for small animal species using internal fixation.

PMMA is a transparent thermoplastic substance, often used as a lightweight or shatter resistant alternative to glass. It is the synthetic polymer of methyl methacrylate and is transparent. PMMA is a cost effective alternative to polycarbonate and is often preferred because of its moderate properties, easy handling and processing. The non-modified PMMA behaves in a brittle manner when loaded, especially under an impact force, and is more prone to scratching than conventional inorganic glass. However, the modified PMMA displays high scratch and impact resistance.

4.7.3.4.4 Cumene, Phenol and Acetone

Cumene is an organic compound that is based on an aromatic hydrocarbon with an aliphatic substitution. Predominantly, the cumene that is produced as a pure compound is converted to cumene hydroperoxide, which is an intermediate in the synthesis of other industrial chemicals, including phenol and acetone.

Phenol is a white crystalline solid aromatic organic compound. The molecule consists of a phenyl group bonded to a hydroxyl group. It is typically consumed into bisphenol A (BPA) chain.

Acetone is a colorless liquid with a pungent, sweetish odor. The primary uses for acetone are as a key ingredient in acrylic resins and as an ingredient for surface coating resins for automotive and architectural markets. Acetone is also an intermediate for the production of engineered plastics and several major industrial solvents. Other uses range from solvents for automotive and industrial applications to pharmaceuticals and cosmetics.

4.7.3.5 Ethylene Propylene Rubber and Thermoplastic Olefin

The main properties of EPR are its heat, ozone and weather resistance. It also exhibits electrical insulating properties. EPR is used in seals such as cold-room doors as well as in the face seals of industrial respirators in automotive paint spray environments, where silicone must be avoided.

TPO is a polymer/filler blend. As TPO does not degrade under solar UV radiation, it can be used for outdoor applications, such as roofing. The applications of TPO within the automotive industry include thin-wall bumpers, glass microsphere-reinforced interior trims, floor mats and specialist interior designs.

4.7.3.6 Nylon 6

The Company is the first producer of Nylon 6 in the Middle East, and manufactures Nylon 6 based on purchased caprolactam. Nylon fibers are used in many applications including, clothes fabric, package paper, carpets, musical strings, pipes ropes and others.

4.7.3.7 Low-density polyethylene

LDPE is the oldest type of polyethylene produced. The random linkage and high degree of side-branching imparts properties such as high impact strength (at low temperatures), very good electrical properties and transparency which make it suitable for blow and injection molding applications such as bags and bottle products.

4.8 Sales and Marketing

4.8.1 Refined Products

Saudi Aramco is the exclusive offtaker and marketer of the Company's refined products.

4.8.1.1 Initial Facilities

4.8.1.1.1 Phase I Refined Products Offtake Agreement

On June 13, 2019, the Company entered into a Phase I Refined Products Offtake Agreement (RPOA) with Saudi Aramco as a "Buyer" of certain refined products listed therein produced by the complex. The RPOA is valid for 5 years commencing from May 1, 2019, and is further extendable for another 5 year period.

4.8.1.1.2 Sulphur and Refined Products Lifting and Marketing Agreement

On June 13, 2019, the Company entered into a Sulphur and Refined Products Lifting and Marketing Agreement (SRPLMA) with Saudi Aramco as a global "marketer" of certain refined products listed therein produced by the Complex. The SRPLMA is valid for 5 years commencing from May 1, 2019, and is further extendable for an additional 5 year period.

4.8.1.2 Expansion Facilities

4.8.1.2.1 Phase 2 Light Naphtha Offtake Agreement

On 22 November 2021 the Company as "Seller" and Saudi Aramco as "Buyer" entered into an offtake agreement with respect to the sale and purchase of light naphtha (Phase 2 Light Naphtha Offtake Agreement). The agreement remains in effect until 30 November 2028 and may be extended for a period of five years. The sale of the light naphtha shall occur pursuant to the terms of this agreement, subject to the requirements of applicable law.

4.8.1.2.2 Phase 2 Saudi Aramco Refined Product Lifting and Marketing Agreement

On 16 March 2015 the Company (as Seller) and Saudi Aramco (as Marketer) entered into the Liquefied Petroleum Gas and Light Naphtha Lifting and Marketing Agreement. Pursuant to this agreement (as amended on 22 November 2021), Saudi Aramco markets Liquefied Petroleum Gas (and Light Naphtha only in the instance where the Phase 2 Light Naphtha Offtake Agreement ceases to apply).

4.8.1.3 Refined Products - Sales

Table (4.4): : Refined Products - Sales (bbl in 000s)

	2018	2019	2020	30 September 2021
Sales	113,978	100,991	78,037	76,041

4.8.2 Petrochemical Products

The Company has long term product marketing and lifting arrangements with each of SABIC (novated from ACC and ATS in 2021) and SCA as Marketers, for the Initial Facilities petrochemical products, under which the Marketers have equal lifting and marketing rights for products for sale outside of the Kingdom. The initial term of the Initial Facilities' petrochemical products agreements is due to expire in 2024, and shall be extended for two consecutive five year periods following good faith discussions to commence two contract years prior to the end of the initial term (as applicable).

As for the Expansion Facilities petrochemical products, the Company has entered into triparty agreements with each of ATC, ARX and SABIC (as applicable) and SCA which will be valid for a period until the tenth (10th) anniversary of the occurrence of the accumulated production date for each product, subject to one or more five (5) year extensions agreed following good faith discussions commencing two contract years prior to the end of the initial or extended term (as applicable).

The lifting and marketing agreements for the Initial Facilities petrochemical products contain a **"take or pay"** obligation on each Marketer as a remedy to the Company for failure to lift less than 80% of the quantity allocated to each Marketer in any given contract year. In contrast, the lifting and marketing arrangements for the Expansion Facilities petrochemical products do not contain such remedies and the Company is entitled to bring separate lifting claims on a product by product basis, rather than on the basis of each Marketer's aggregate lifting performance.

Table (4.5): Petrochemical Products - Sales (via marketing arrangements) (MT)

	2018	2019	2020	30 September 2021
Asia	1,669,499	1,607,933	2,028,312	1,801,349
Saudi Arabia	140,424	187,545	191,941	215,465
India	92,508	238,746	331,641	392,321
Turkey and Africa	173,361	326,379	140,033	237,220
Europe	116,044	195,252	79,747	154,002
Others	77,083	12,967	279,046	382,419
Total	2,268,919	2,568,822	3,050,720	3,182,776

4.9 Expansion Plans

The Company has engaged engineering contractors to undertake the front-end engineering design (FEED) for a fuel oil upgrade project contemplated by the Company which converts oil residue streams from the crude distillation process into more profitable products (the **"Bottom of the Barrel Project"**). The Company had conducted a FEED study through an international company, however, due to adverse market conditions and unprecedented challenges of COVID 19, the project is temporality on hold.

In addition to the above project, the Company has exercised due diligence towards prioritizing its future Capital Projects. Its list of Major Capital Projects in medium term (2022 through 2024) reflect mandatory/non-avoidable considerations (e.g., three environmental compliance projects), profitability boosting initiatives or reliability projects.

4.10 Rabigh PlusTech Park

Petro Rabigh acquired RPTP on 1 October 2021G, a business comprising of an industrial complex adjacent to Petro Rabigh's integrated refining and petrochemical complex, developed jointly by Saudi Aramco and Rabigh Conversion Industry Management Services Company (RCIMS), an affiliate of Sumitomo Chemical. The acquisition was executed through asset transfer agreements for the infrastructure with Saudi Aramco and RCIMS and a lease agreement with Saudi Aramco for the land on which RPTP is located (for more details on the lease agreement, please refer to Section (10.4.10.4) ("**Rabigh PlusTech Park Land Lease Agreement**")).

Rabigh PlusTech Park is the first private industrial park for conversion industries in Saudi Arabia, and is designed to accommodate polymer compounding third party projects. Rabigh Plastic Technical Center, a state-of-the-art facility run by Sumitomo Chemical, provides technical support and training in plastic processing technology. Petro Rabigh Industrial Complex is a site next to Petro Rabigh where downstream industries may utilize Petro Rabigh products as feedstock to produce chemical compounds such as polyols, polymer stabilizers, xylenes and solvents.

Geographically adjacent to the Petro Rabigh Complex, RPTP is spread over a 240-hectare (2,400,000 m²) site with convenient access to highways and available utilities and support (including administration and maintenance facilities, a substation, mosque and guardhouse). RPTP tenants are provided with competitively priced feedstock, utilities (electricity and water) and shared services by Petro Rabigh.

The Petro Rabigh and RPTP partnership model is one means of implementing Vision 2030 to add value to Rabigh's virgin polymer resins. RPTP currently has twelve tenants.

4.11 ISO Certification

As part of the continuation process to maintain the current International Organization for Standardization ("**ISO**") and Occupational Health and Safety Assessment Series ("**OSHAS**") certifications, an Integrated Management System ("**IMS**") surveillance audit (Phase 1 QHSE Management Systems) was completed in 2017G by internationally recognized certification body Bureau Veritas ("**BV**").

The focus of the audit was to ensure continued compliance with the requirements of international management systems standards ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), OSHAS 45001:2018 (Occupational Health and Safety Management System) and Petro Rabigh's policies and procedures.

The successful completion of the surveillance audit demonstrates that the Company is capable of maintaining sustainable development in its Quality, Environmental, Occupational Health and Safety Management Systems and able to attain Operational Excellence.

4.12 Health, Safety Security and Environment

4.12.1 Safety

The Company aims to achieve zero-safety incidents. This vision is aligned with The Company's Quality, Safety, Health, Environment, and Security (QSHES) Policy, which affirms the Company's commitment towards protecting the health, safety, and security of employees and contractors, as well as the community, the environment, assets and information. The plan is part of The Company's efforts towards improving safety performance which is one of the Company corporate objectives. Such improvement is measured through the following tangible KPIs; Total Recordable Injury Rate (TRIR) for employees & contractors, and Process Safety Total Incident Rate (PSTIR).

In order to realize the targeted improvement, the Company has developed short- and long-term initiatives addressing the following key areas: 1) Safety Culture Improvement 2) System/Procedural Improvement 3) Safety Leadership & Training 4) Hazard & Risk Management.

4.12.2 Security

The Industrial Security (IS) Function is committed to professionally protecting Petro Rabigh installations, human lives and property. The IS Function will aim to provide quick, reliable, effective emergency response, while maintaining the highest level of readiness. This will be achievable using advanced technology. The methodology utilizes physical security, mobile patrol, firefighters, security and fire protection equipment. This is all managed and coordinated by security personnel that are fully trained and authorized.

During the past few years the Company has adopted and deployed multiple programs to improve the safety and security of the Complex and Community, as well as comply with government regulations. Regulations include, Dedicated Bandwidth Security Network, Intrusion Detection, Assessment Systems and Security Risk Assessments.

The Company has conducted and participated in a number of enhancement initiatives including; 1) security fitness program, 2) special security training program through Saudi Aramco Security Academy, 3) Saudi Aramco “**feel the burn**” firefighters’ competition, 4) security traffic campaign, and 5) radioactivity emergency plan.

4.12.3 Cybersecurity

The Company is keen to develop, maintain, and enhance its cybersecurity capabilities in order to guard against internal and external cyber threats, reduce cyber risks, and ensure cybersecurity attacks do not have a catastrophic impact on its operation. The Company aspires to become a cyber-resilient and secure organization with dependable capabilities to enable sustained operation and growth through the protection of information infrastructure, providing information security assurance and building capacity and capabilities to prevent and respond to cyber threats.

A number of key goals were defined to bring the Company closer to achieving its objectives, which include to:

- 1- Comply with National Cybersecurity Authority (NCA) and other applicable regulations
- 2- Implement High Quality IT and Cybersecurity Solutions
- 3- Implement Strong Cybersecurity Governance, Risk and Compliance Management
- 4- Continually Improve Cybersecurity Posture by following best practices.
- 5- Continually enhance Operational Technology (OT) Cybersecurity to mitigate risk of cyber incidents effects on Health/ Safety/Environment (HSE).

4.12.4 Environment

Environmental protection is a key part of the Company’s operations. The Company is dedicated to preserving the environment and promoting a sustainable future through minimizing its emission footprint from operational activities. The Company’s ultimate objective is to evolve into a sustainable and eco-friendly enterprise. Despite its rigorous operational activity, the Company has been able to demonstrate its commitment to the surrounding environment, through continued monitoring and protection, in order to ensure that the environment within the Company’s control is not harmed.

The Company plans on implementing several environmental initiatives to enable accomplishing the Company’s aim of “**minimizing environmental impact of operational activities**”. Topmost amongst these measures is to reduce hydrocarbon flaring. The Company has successfully reduced its hydrocarbon flaring and accomplished a 67% reduction on 30 September 2021 compared to 2020 through the improvement of plant reliability and operational adjustments. The Company is introducing a flare minimization plan that will further reduce flaring by more than 15% over the next three years.

The Company actively supports restoration of the natural ecosystem and sequestration of CO₂ gases through a Mangrove Plant Plantation. Additionally, the company will kick off Coral Reef Restoration program in association with King Abdulaziz University Marine Science College.

In enhancement of the Company’s compliance level, a restructuring of the Environment Management System (EMS) is ongoing to improve the monitoring efficiency and enhance prevention and identification of wastewater exceedances arising from different sources generated within the Company. Essentially, the effluents monitoring is part of the EMS that will level up and maintain continuous monitoring for all individual streams. As part of the Company’s environment protection improvement, a KPI with a reduction target has been set up to control and monitor the hydrocarbon discharges to the marine. As part of sustainability initiatives, a study is being conducted of the opportunities to reuse and recycle the treated wastewater, storm water and cooling water for different purposes such as irrigation, dust control, environment restoration and cleaning purposes based on the quality and applicability.

On 19/11/1441H (corresponding to 10/07/2020G), the new Environmental Law was issued pursuant to Royal Decree No. M/165 (the “**Environmental Law**”) for ambient water and wastewater discharge, which replaced, among other laws, the previous environmental law issued pursuant Royal Decree No. M/34 dated 28/07/1422H (corresponding to 15/10/2001G). The Company has conducted a gap analysis between the previous environmental law and the Environmental Law, and is currently working with the Ministry of Energy to coordinate discussions with the National Center for Environmental Compliance (NCEC) in order to clarify some of the requirements under the Environmental Law which could influence the progress of Waste Water Treatment Plant (WWTP-I) upgrade project.

4.13 Corporate Social Responsibility

Integral to Petro Rabigh’s function as a catalyst for economic and social development is its local commitment to enriching life for the wider community far into the future.

Key focuses of the Company’s Corporate Social Responsibility Program include: protecting the local environment; supporting young people; and empowering women. The promotion of volunteerism is integral to all of Petro Rabigh efforts in the wider community, with ever-increasing numbers of young Saudi employees offering their time through the Petro Rabigh Volunteering Team.

The Company’s Corporate Social Responsibility programs include, among others:

Program	Description
Recycling program	Recycling program at Petro Rabigh (facility and community), awareness and education activities all year long for different audiences (school, employees, dependents), and operating costs of collecting center
Solar energy for Rabigh Al-Bir Housing	In continuation of the refurbishing of 22 houses in Al-Bir Housing project, Petro Rabigh is equipping these houses with solar panels or water heaters. This refurbishment has been completed
Clean-up day	Clean-up day to demonstrate Petro Rabigh’s commitment to protect the environment and to provide awareness on recycling and littering
MISK and/or King Salman Youth Center Program	To encourage, motivate young people from Rabigh to pursue careers in science, technology, engineering and math, and having them selected to MISK programs, such as apps and website development
Ambassador programs	To inspire local students high achievers (boys and girls) and provide them with training and activities to enhance their personal and leadership skills, and to represent Petro Rabigh and Rabigh in prominent organizations across the Kingdom
Entrepreneurship	Organization of a forum to support entrepreneurship and ladies’ entrepreneurship in Rabigh governorate involving leading organizations such as Nafisa Shams

During 2020, the Company carried out some initiatives that complement ongoing programs and maintained having a wide impact on society’s wellbeing, culture and health by working responsibly with the community in which it operates.

In light of the COVID-19 relief campaign established under the guidance of HRH Prince Khalid Al-Faisal’s guidance and patronage of the Emirate of Makkah, the Company’s total contribution was SAR 766,098 (50% of which was donated by 1,037 of the Company’s employees and the other 50% was contributed by the Company). In addition, the Company has also contributed to the COVID-19 donations by donating SAR 4.875 million to the Ministry of Energy through the Committee of Petrochemical Manufacturers, and SAR 4.875 to the Ministry of Health through the Saudi Aramco JV Fund.

The Company also has successful programs that it launches during Ramadan, which include a care baskets program consisting of basic food commodities distributed to families in need, and another program titled “**Kiswat Al-Eid Program**” which offers clothes to locals of Rabigh city that are in need. More than 1,200 beneficiaries have received clothes or coupons for Eid Al Fitr, and 1,600 food baskets were distributed to villages and in the town of Rabigh.

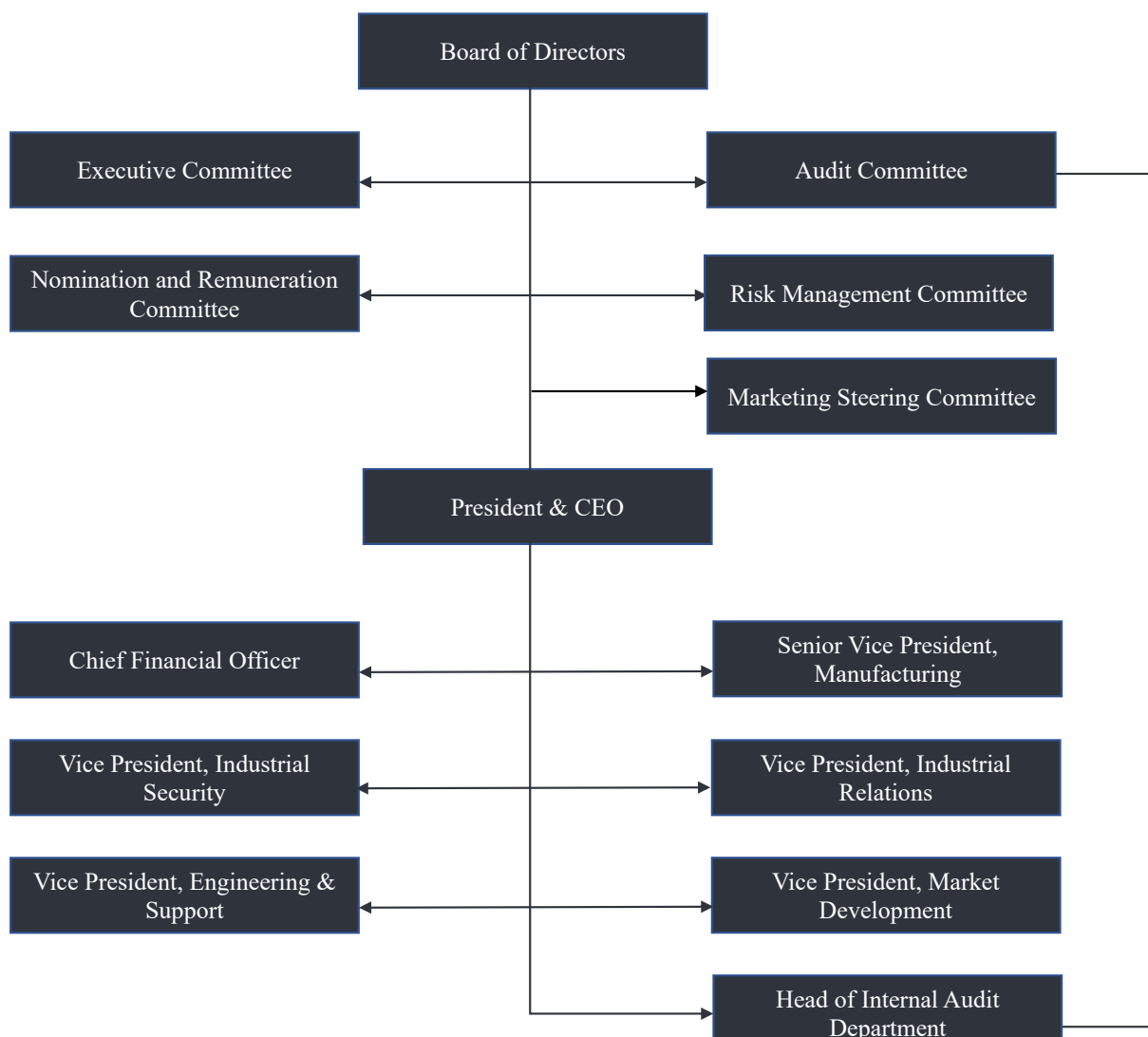
5. MANAGEMENT AND GOVERNANCE OF THE COMPANY

5.1 Management Structure

The Company's management structure consists of the Board of Directors, a number of committees and the Senior Management team. The Company's committees include the Audit Committee, and the other committees formed by the Company's Board of Directors which are the Executive Committee, the Nomination and Remuneration Committee, the Marketing Steering Committee, and the Risk Management Committee (each a "Board Committee", and together the "Board Committees"). The Board Committees help the Board in managing and monitoring the Company's business, each according to its respective competences listed in its respective charter. For further details regarding the Board Committees, please refer to Section 5.3 ("Board Committees").

The Board is primarily responsible for approving the Company's main objectives and strategic plans, supervising their implementation, and monitoring the performance and progress of the Company through regular meetings held throughout the year. Moreover, the Board of Directors regularly reviews the efficiency of the applicable systems and internal control procedures, monitors the Company's key departments to ensure the application of its established general policies, determines the risk levels, and ensures proper risk management.

The below shows the management structure of the Company.



5.2 Board of Directors

The Company's management is overseen by a highly competent and experienced Board, consisting of nine Directors: three independent Directors, five non-executive Directors and one executive Director. The current Board was appointed by the Ordinary General Assembly held on 14/03/1443H (corresponding to 20/10/2021G) for a period of three (3) years commencing on 28/03/1443H (corresponding to 03/11/2021G) until 30/04/1446H (corresponding to 02/11/2024G).

Table (5.1): Board of Directors

Name	Nation-ality	Age	Position	Member-ship Status	Date of board ap-pointment	Repre-senting	Current Shares owned directly	Current Shared owned indirectly*	Total	Percentage
Ibrahim Q. Al-Buainain	Saudi	55	Chairman	Non-Executive / Not Independent	03/11/2021	Saudi Aramco	-	-	-	-
Noriaki Takeshita	Japanese	63	Vice Chairman	Non-Executive / Not Independent	03/11/2021	Sumitomo Chemical	-	-	-	-
Othman A. Al-Ghamdi	Saudi	55	Member	Executive / Not Independent	03/11/2021	Saudi Aramco	4400	-	4400	0.0005%
Suleman A. Al-Bargan	Saudi	59	Member	Non-Executive / Not Independent	03/11/2021	Saudi Aramco	-	-	-	-
Seiji Takeuchi	Japanese	59	Member	Non-Executive / Not Independent	03/11/2021	Sumitomo Chemical	-	-	-	-
Takashi Shigemori	Japanese	63	Member	Non-Executive / Not Independent	03/11/2021	Sumitomo Chemical	-	-	-	-
Abdullah Jaber Al-Faifi	Saudi	61	Member	Non-Executive / Independent	03/11/2021	-	100	-	100	0.000011%
Saleh F. Al-Nuzha	Saudi	63	Member	Non-Executive / Independent	03/11/2021	-	1000	-	1000	0.00011%
Mohammed A. Al-Omar	Saudi	63	Member	Non-Executive / Independent	03/11/2021	-	12	-	12	0.0000014%

Source: The Company.

* Means Current Shares indirectly owned by members of the Board of Directors in the Company through their ownership in companies that own Shares in the Company, or Shares owned by Relatives of board members, either directly or through their ownership in companies that own Shares in the Company

5.3 Board Committees

To optimize the management of the Company, the following Board Committees were established: the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee; the Marketing Steering Committee, and the Risk Management Committee. All Board Committees work in accordance with clear and approved charters specifying each Board Committee's tasks and responsibilities. The following is a summary of the structure, responsibilities and current members of each Board Committee:

5.3.1 Executive Committee

The Company's Executive Committee consists of three members elected by the Board and is currently overseen by the Chairman of the Board. The purpose of the Executive Committee is to assist the Board in overseeing the Company's interests in the most efficient manner while adhering to best practices of corporate governance. The Executive Committee's responsibilities include, but are not limited to, the following:

- Reviewing the business plan and recommending such plans for the Board of Directors approval.
- Reviewing and approving additions to the annual budgets, plans, and programs as approved by the Board of Directors, as the Executive Committee may deem necessary from time to time, provided that no individual addition shall exceed SAR 187.5 million in value.
- Reviewing and approving contract award and expenditure requests for items covered in approved business plans, budgets and programs, provided that no individual item exceeds SAR 187.5 million.
- Reviewing and approving redefinitions, cancellations and supplements of previously approved expenditure requests, provided that no individual item exceeds SAR 187.5 million.
- Receiving informational reports on miscellaneous subjects and advising the Company's management.
- To the extent permitted under the law, and without prejudice to the responsibilities of the Audit Committee, approving the entry of the Company into transactions with any of the Shareholders or Related Parties, and modifying the terms of any agreement in connection with the same.
- Considering reports submitted to the Executive Committee in accordance with specific functions and subjects delegated by the Board of Directors from time to time.
- Performing such other tasks as delegated to the Executive Committee by the Board of Directors from time to time.

The Executive Committee consists of the following members:

Table (5.2): Executive Committee's Members

Name	Position	Appointment Date
Ibrahim Q. Al-Buainain	Chairman	03/11/2021G
Takashi Shigemori	Member	03/11/2021G
Saleh F. Al-Nazha	Member	03/11/2021G

5.3.2 Audit Committee

The Audit Committee consists of four members who are fully experienced in accounting standards and business laws, which enables them to fulfill their duties efficiently. The responsibilities and duties of this Board Committee include, but are not limited to, the following:

- Overseeing and supervising the Internal Audit Department to ensure they have access to the necessary resources and ensuring their effectiveness in performing the tasks and duties assigned to them.
- Reviewing the reports of Internal Audit Department and pursuing the implementation of corrective measures in the comments included therein.
- Reviewing the Company's internal audit procedure and approving the internal audit charter.
- Approving, with the external auditors, the annual audit plan and all changes to the plan.
- Submitting recommendations to the Board regarding the appointment, dismissal, and remuneration of the external auditors after reviewing their scope of work and terms of engagement, with such recommendation having regard to the independence of the external auditors.
- Reviewing the performance and supervising the activities of the external auditors and approving any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- Reviewing the external auditors' reports, qualifications, and comments in relation to the Company's financial statements, and following up on the actions taken in relation to the same.
- Reviewing, expressing opinions on, and making recommendations to the Board regarding the interim and annual financial statements of the Company prior to their presentation to the Board to ensure integrity, fairness and consistency.

- Reviewing the accounting policies in force and advising the Board of its opinion and any recommendations regarding the same.
- Reviewing the contracts and transactions to be entered into by the Company with any related party and making recommendations to the Board in relation to the same.

The Audit Committee consists of the following members:

Table (5.3): Audit Committee's Members

Name	Position	Appointment Date
Abdullah J. Al-Faifi	Chairman	03/11/2021G
Noriaki Takeshita	Member	03/11/2021G
Suleman A. Al-Bargan	Member	03/11/2021G
Mohammed A. Al-Omair	Member	03/11/2021G

5.3.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of four members. The responsibilities and duties of this Board Committee include, but are not limited to, the following:

- Preparing, recommending to the Board, and overseeing policies and criteria in relation to the appointment of Directors and members of the Company's executive management.
- Ensuring that all necessary and appropriate inquiries are made into the backgrounds and qualifications of Board candidates before recommending them to the Board for nomination.
- At least annually, reviewing, assessing, and recommending to the Board, the skills, qualifications, and credentials required for membership in the Board and the Company's executive management, including setting the time commitment required for such membership and the job specifications for executive, non-executive, and independent Directors and members of the Company's executive management.
- Regularly reviewing the structure, size, composition, strengths, and weaknesses of the Board (including skills, knowledge, and experience) and the Company's executive management; making appropriate recommendations to the Board that are compatible with the interests of the Company.
- Preparing, recommending to the Board, and overseeing the implementation and disclosure of a policy for the remuneration of Directors, executives of the Company, and members of the Board Committees, to be presented before the General Assembly for approval.
- Determining the strengths and weakness in the Board, and recommending remedies that are compatible with the Company's interest.
- Regularly reviewing and assessing the effectiveness and appropriateness of the remuneration policy and making recommendations to the Board in relation to the same.

The Nomination and Remuneration Committee consists of the following members:

Table (5.4): Nomination and Remuneration Committee Members

Name	Position	Appointment Date
Mohammed A. Al-Omair	Chairman	03/11/2021G
Abdullah J. Al-Faifi	Member	03/11/2021G
Takashi Shigemori	Member	03/11/2021G
Suleman A. Al-Bargan	Member	03/11/2021G

5.3.4 Marketing Steering Committee

The Marketing Steering Committee consists of three members. The tasks and responsibilities of this Board Committee include, but are not limited to, the following:

- Reviewing the Company's annual and quarterly production and supply plan for the various products for the following period, which the Company will provide to the Marketers.
- Working with each of the Marketers (separately) in developing their respective annual marketing plan for the Products, to be submitted to the Board for approval.
- Reviewing and making recommendations regarding the Company's and the Marketers' strategies and actions related to legal compliance (e.g. with regard to anti-trust laws and export regulations).
- Monitoring the Company's compliance with the marketing and lifting agreements and reviewing and approving any amendments thereto with necessary consideration to any related agreements.
- Developing, endorsing and recommending to the Board of Directors for its approval (a) a Refined Products annual marketing plan, and (b) a Petrochemical Products annual marketing plan for the Company.
- Ensuring that all such marketing plans are developed with the Company's operating and production plans to be prepared by the Company.
- Ensuring that Marketers' pricing methodologies do not expose the Company to any anti-dumping risks in any global markets in which the Company's products are sold.

The Marketing Steering Committee consists of the following members:

Table (5.5): Marketing Steering Committee Members

Name	Position	Appointment Date
Saleh F. Al-Nazha	Chairman	03/11/2021G
Othman A. Al-Ghamdi	Member	03/11/2021G
Takashi Shigemori	Member	03/11/2021G

5.3.5 Risk Management Committee

The Risk Management Committee consists of five members. The tasks and responsibilities of the Risk Management Committee include, but are not limited to, the following:

- Assisting the Audit Committee in fulfilling its responsibilities.
- Overseeing Compliance Management affairs.
- Developing, updating and overseeing the implementation of strategies and policies for risk management that are consistent with the nature and volume of the Company's activities.
- Overseeing and evaluating the effectiveness and adequacy of the Company's policies, systems, resources and processes for identifying, monitoring, measuring and managing risks within the Company.
- Assessing and regularly reviewing the risk exposures of the Company.
- Reviewing matters raised by the Audit Committee in connection with the Company's risk management.
- Preparing and submitting detailed reports on risk exposures and recommending steps to manage these risks to the Audit Committee.
- Reviewing the process for communicating the code of conduct to the Company's personnel, and for monitoring compliance therewith.
- Reviewing the contracts and transactions to be entered into by the Company with any related party, and making recommendations to the Audit Committee in relation to the same.
- Performing such other related activities as requested by the Audit Committee.

The Risk Management Committee consists of the following members:

Table (5.6): Risk Management Committee Members

Name	Position	Committee Formation Date*
Othman A. Al-Ghamdi	Chairman	07/03/2018G
Roy Yarid	Member	07/03/2018G
Noriaki Oku	Member	07/03/2018G
Bandar S. Juaid	Member	07/03/2018G
Akihiko Hiraoka	Member	07/03/2018G

* The committee is composed of the following (President and CEO, assistant to the President and CEO, CFO, VP of Manufacturing and VP of Industrial Relations), and as such the members are appointed automatically per position and no separate appointment is issued.

5.4 Senior Management

The Company is managed by a highly experienced team with the necessary knowledge and skills to manage the Company's operations. The following table sets out the names of Senior Management team as at the date of this Prospectus.

Table (5.7): Members of Senior Management Team

Name	Position	Qualifications	Experi- ence	Current Shares owned directly	Current Shares owned indirectly*	Total	Percentage
Othman A. Al-Ghamdi	President & Chief Executive Officer	Bachelor's degree in Chemical Engineering and a Master's degree in Business Administration	30 years	4,400	-	4,400	0.0005%
Akihiko Hiraoka	Chief Financial Officer	BSc Law	32 years	-	-	-	-
Noriaki Oku	Senior Vice President, Manufacturing	Bachelor's degree of Chemical Engineering and a Master's degree of Chemical Engineering	28 years	-	-	-	-
Sami AlDossary	Vice President, Industrial Security	Bachelor's degree in Computer Science	35 years	7,000	-	7,000	0.0008%
Bandar S. Juaid	Vice President, Industrial Relations (Acting)	BS Computer Science	18 years	800	-	800	0.00009%
Mohammed M. Farsi	Vice President Engineering & Supp., Engineering & Support	Bachelor's degree in Chemical Engineering and a Master's degree in Chemicals Engineering	19 years	-	-	-	-
Yasser D. Al Ghamdi	Vice President, Market Development (Acting)	BSc in Chemical Engineering	+19 years	-	-	-	-
Hassan Mohammadi	General Auditor	Master Degree in Business Administration and Communication	32	800	-	800	0.00009%

* Means shares indirectly owned by members of the Board of Directors in the Company through their ownership in companies that own Shares in the Company, or Shares owned by Relatives of board members, either directly or through their ownership in companies that own Shares in the Company.

5.5 Remuneration and Benefits of the Board Members and Senior Management

The remuneration and benefits of the Board members and senior management is set out in the following table showing the salaries, bonuses and allowances received by members of the Board of Directors and senior management during the past three financial years:

Table (5.8): Board Members and Senior Management Remuneration (in SAR '000')

	2019 G	2020 G	2021 G
Board Members	1,050	1,050	1,050
Senior Management	17,611	19,032	10,063

5.6 Employees

5.6.1 Company Employees and Saudization Rate

According to the Nitaqat certificate issued by the MHRSD, the total number of employees at the Company is 3008, of which 2457 are Saudi employees and 551 are non-Saudi employees, which places the Company in "Platinum" classification with a Saudization percentage of 81.6% as at 28 February 2022G.

The following table sets out the number of Company employees by department as at 31 December 2019G, 31 December 2020G, 30 September 2021G and 31 December 2021G:

Table (5.9): Breakdown of Company Employees by Department

Period/ Function	31 December 2018	31 December 2019	31 December 2020	30 September 2021	31 December 2021
Manufacturing	2180	2009	1804	1748	1747
Industrial Relations	205	226	241	225	202
Industrial Security	508	500	463	463	468
Engineering & Support	460	488	446	439	434
Other	315	309	192	190	190
Total	3668	3532	3146	3065	3041

5.6.2 Secondment Agreements with the Founding Shareholders

The Company has entered into secondment agreements with each of the Founding Shareholders under which the Company enjoys access to experienced human capital and knowledge that it requires to enhance operational skills and know-how.

The Company entered into secondment agreements with Saudi Aramco on 12 June 2006G and with Sumitomo Chemical on 1 July 2006G (together the "Secondment Agreements"), on similar terms. Each agreement will remain valid until the respective Founding Shareholder ceases to be a shareholder in the Company.

Pursuant to the Secondment Agreements, the Company must send a notice to Saudi Aramco or Sumitomo Chemical, as the case may be, with regards to the positions available for secondment including a description of the positions, job titles, principal work location, scope of work and duration of secondment (which shall in principle be for periods of three (3) years unless operational requirements dictate otherwise), the minimum qualification required and the approximate range of compensation payable by the Company to its own employees for a similar position. Upon receipt of such notice, the respective Founding Shareholder may nominate any of its employees who have the qualifications required for the respective position. The Company will then review the nominations and select the nominees whom the Company reasonably determines to be the most suitably qualified for the positions.

Employees employed by the Company pursuant to the Secondment Agreements are subject to employment contracts entered into directly with the Company, as per the standard terms of employment adopted by the Company for its direct hires, and such standard employment contracts are based on the Saudi Labor Regulations. Further, the Company has agreed with each of Saudi Aramco and Sumitomo Chemical that its secondees will be remunerated and provided with benefits by the Company at the same level as other similarly qualified or experienced employees of the Company according to the Company's relevant policies, practices and procedures applicable to such secondees. The Secondment Agreements state that any difference between the total remuneration and benefits package received by a seconded employee from the Company, and the total remuneration and benefits package

the secondee would have received from the respective Founding Shareholder in respect of the secondment according to the relevant policies and procedures relating to seconded employees (including bonuses, incentives, pensions and medical benefits), will be borne by the respective Founding Shareholder.

The secondment of any employee from Saudi Aramco or Sumitomo Chemical may be terminated by the Company or the respective Founding Shareholder in limited circumstances, including if the Company, after consulting with the respective Founding Shareholder, determines that (i) the secondee's performance or conduct is materially unsatisfactory or that such secondee has committed a material act of misconduct, or (ii) a secondee has become disabled or physically or mentally incapacitated to perform his/her duties (for more details on the risks associated with the Secondment Agreements, please refer to Section (2.1.3) "**Risks Relating to Reliance on Founding Shareholders' Expertise and Personnel**").

5.6.3 Investments Made for the Benefit of Employees of the Company

5.6.3.1 Shares Ownership Incentive Program for Employees

The Board of Directors has approved implementation of an employee share ownership plan ("**ESOP**") which provides 800 shares to eligible employees at the end of a 5-year maturity period. To implement this, the Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO period at the offer price of SAR 21 per share. These ESOP shares are managed by Riyadh Capital under an open-ended mutual fund which has offered to subscribe and hold such shares "**on trust**" for the employees as part of an administrative service agreement. As service awards to employees, these shares are amortized evenly over a period of five years and allocated to eligible employees until the vesting period has been fully met.

As of 30 September 2020G, a total of 1894 employees have completed their vesting period and the Company has transferred the shares to their portfolios. The aggregate number of shares transferred to the employees in the Company under the ESOP is 1,515,200 shares.

As of the date of the prospectus, other than the ESOP, there are no arrangements which involve the employees in the share capital of the Company.

5.6.3.2 Home Ownership Incentive Program

The Board of Directors of Petro Rabigh approved implementing an incentive program for the Saudi employees to own housing units. The program aims at providing stability for staff and the convenience of living near the Company's facilities, which should positively reflect on their performance and continued employment with the Company. As per this program, an employee can own or build a housing unit for a single family. As 30 September 2021G, a total of 749 employees have joined the program, which later increased to 773 as of 31 March 2022G.

5.6.3.2.1 Employee Lot Allowance

As part of the Home Ownership Program ("**HOP**") the Company provides an amount of SAR 200,000 as a land lot allowance. This amount is considered as a personal loan depreciating over 10 years of Company service. An employee will only be required to repay this loan if he/she leaves the Company before completing 10 years of continuous service from the loan date.

5.6.3.2.2 Employee Savings Plan

The Company offers its employees the opportunity to enroll in a savings plan program where the employee contributes a percentage not exceeding 10% of his/her basic salary. The Company then rewards the employee at the rate of 10% for each year of continuous service, up to 100% of the employee's monthly contribution starting with the 10th year of continuous service.

The Balance as of 30 September 2021G for the above-mentioned programs and funds is as follows:

Description	30-Sep-21
	Balance in SAR Thousands
Shares Ownership Incentive Program for Employees	4,544
Employee Housing Loan – Home Ownership Program (10% Fund)	21,102
Employee Lot Allowance (Home Ownership Program)	33,505
Employer's contribution to Employee Savings Plan	98,918

6. FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

6.1 Introduction

The following management discussion and analysis of the financial results of the Company has been prepared by the Company's management to present an analytical review of the operational and financial performance of the Company for the Period Under Review. This section should be read in conjunction with the Financial Statements, in addition to the notes thereto. Unless otherwise stated, the financial information presented in this section has been derived from the Financial Statements.

The financial information as at and for the years ended 31 December 2018G, 31 December 2019G and 31 December 2020G included in this Prospectus has been derived without material adjustment from the audited financial statements for the years ended 31 December 2018G, 31 December 2019G and 31 December 2020G. The financial information as at and for the nine-month periods ended 30 September 2020G and 30 September 2021G included in this Prospectus has been derived without material adjustment from the unaudited condensed interim financial statements for the nine-month periods ended 30 September 2020G and 30 September 2021G.

KPMG Professional Services do not themselves, nor do any of the partners or employees of KPMG Professional Services (nor any relatives of such partners or employees), have any shareholding or interest of any kind in the Company. KPMG Professional Services have furnished and not withdrawn their written consent to the reference in this Prospectus of their role as auditors of the Company for the years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the nine-months periods ended 30 September 2020G and 30 September 2021G.

This section contains forward-looking statements related to the Company's future prospects based on the Company's current plans and expectations regarding the Company's growth, results of operations and financial position. The actual outcome and performance of the Company may differ from what was explicitly or implicitly anticipated in the forward-looking statements as a result of several factors and future events, including those discussed below and in other sections of this Prospectus.

The figures in this section are presented in Saudi Riyals in millions. As such, if aggregated, the figures as presented in the Financial Statements may differ from those which are stated in this Prospectus due to rounding off. Percentages, margins and growth rates are based on the figures as presented in this section and rounded to the nearest integer. As such, the percentages, margins and growth rates may differ if calculated based on the full figures presented in the Financial Statements.

6.2 Directors' Declaration for Financial Statements

The Directors declare that the financial information presented in this section is extracted without material change from the Financial Statements and in a manner that is consistent with the Financial Statements. The Directors declare that the audited financial statements for the years ended 31 December 2018G, 2019G and 2020G and the interim unaudited financial statements for the nine-month periods ended 30 September 2020G and 2021G were prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Directors declare that, except as disclosed in this section or any other section of the Prospectus, especially the factors mentioned in Section 2 "Risk Factors" of this Prospectus, there has been no material adverse change in the Company's financial or business position in the three financial years directly preceding the application for registration and offer of securities that are subject to this Prospectus, in addition to the period covered in the external auditor's report up until the date of approving this Prospectus.

The Directors declare that there is no intention to make any fundamental change in the nature of the Company's activity.

The Directors declare that there has not been any interruption in the business of the Company which may have or has had a significant effect on the financial position of the Company in the twelve months prior to the date of this Prospectus.

The Directors declare that, to the best of their knowledge, all material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of would make any statement herein materially misleading.

The Directors confirm that the Company does not have any properties, including contractual based securities or other assets, the value thereof is subject to fluctuations or is difficult to ascertain with certainty, which would significantly affect the evaluation of the Company's financial position.

The Directors confirm that the Company did not provide any commissions, discounts, brokerages or other non-cash compensation to any of the Board members or Senior Executives in connection with the issuance or offering of any securities within the three years immediately preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted.

The Directors confirm that the Company's capital is not under option.

The Directors confirm that there are no important fixed assets to be purchased or leased, except for the information disclosed in Section 7 "**Use of Proceeds**" of this Prospectus.

The Directors acknowledge that the Company has no information about any seasonal factors or economic cycles related to its business activity and that may have an impact on the Company's business and financial position.

The Directors acknowledge that the Company has no information about any governmental, economic, financial, monetary or political policies, or any other factors that have affected or could materially affect (directly or indirectly) the Company's operations except the information disclosed in Section 2 "**Risk Factors**" of this Prospectus.

The Directors acknowledge that the Company has provided comprehensive details in this section of any potential liabilities, has calculated and recorded a provision for the obligations contained in the management's discussion and analysis of the financial position and results of operations. For more information, kindly refer to Section No. 2 "**Risk Factors**" and sub-section 6.7.2.7 "**Contingency and commitments**" of Section 6 "**Financial Information and Management Discussion and Analysis**" of this Prospectus.

The Directors acknowledge that the Company has no loans or other liabilities, whether covered by a personal or non-personal guarantee, or covered by a mortgage, including any overdrafts from bank accounts, and has no secured liabilities, liabilities under acceptance, acceptance credits or any liabilities for rental property, in each case, other than as disclosed in Section 10 "**Legal information**" and Section 3 "**Risk Factors**" and sub-section 6.7.2.5 "**Loans, borrowings and other long-term liabilities (current and non-current portion)**" – Section 6 "**Financial Information and Management Discussion and Analysis**" of this Prospectus.

The Directors acknowledge that the properties of the Company are not subject to any mortgages, rights or encumbrances as of the date of this Prospectus, except for the information disclosed in sub-section 6.7.2.5 "**Loans, borrowings and other long-term liabilities (current and non-current portion)**" – Section 6 "**Financial Information and Management Discussion and Analysis**" and Section 10 "**Legal Information**" of this Prospectus.

The Directors acknowledge that the Company has not issued debt instruments, term loans, secured or unsecured mortgages, current or approved but not issued, except for the information disclosed in Section 10 "**Legal information**".

The Directors acknowledge that the Company has not experienced any changes in the capital during the past three years directly before the date of submission of the registration application and offering of securities subject to this Prospectus.

6.3 Summary of Significant Accounting Policies

Below is a summary of the significant accounting policies applied by the Company in the preparation of its financial statements.

Current versus 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 realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the 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 unconditional 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.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

Revenue recognition

Contracts with customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation;

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date;
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue in respect of sale of refined and petrochemical products and port services is recognized over the period as per the related offtake and other agreements with the customers. Transfer of refined and petrochemical products to customers is considered as a series of distinct goods and the Company uses output method to measure the progress towards complete satisfaction or performance obligation. The Company has further used IFRS 15 practical expedient of right to invoice, and revenue is booked on a monthly basis in respect of goods and services for which the Company has a right to invoice as per the related agreements.

Variable consideration is estimated based on the expected value method. Revenue is recorded net of trade discounts, volume of sales rebates and deductibles (handling fees, insurance, customs and inventory storage fees). Consideration payable to a customer is recognized as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company. If consideration payable to the customer is a payment for a distinct good or service from the customer, then the Company records such purchase of the good or service in the same way that it accounts for other purchases from suppliers.

Revenue from port services is recognized when services are rendered.

Dividends

Dividends are recognized when:

- The Company's right to receive the payment is established, which is generally when shareholders approve the dividend;
- It is probable that the economic benefits associated with the dividend will flow to the entity; and
- The amount of the dividend can be measured reliably.

Interest income

Interest income is calculated using the effective interest (profit) rate method. The effective interest rate is the interest rate that exactly discounts the estimated stream of future cash payment or receipts over the expected life of the financial instrument or when appropriate over the shorter period.

Foreign currencies

The Company's financial statements are presented in Saudi Riyals which is also the functional currency of the Company. Transactions in foreign currencies are initially translated by the Company into Saudi Riyals using the exchange rate at the date of the transaction it first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency using the exchange rate ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary assets measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognized in statement of comprehensive income or statement of profit or loss are also recognized in statement of comprehensive income or statement of profit or loss, respectively).

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any, except for capital projects-in-progress, which are stated at cost less impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of each asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized in the statement of profit or loss when incurred. Spare parts that are considered essential to ensure continuous plant operation whose useful lives are more than one year are capitalized and classified as plant, machinery and operating equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Expenditures incurred on testing and inspections, which are carried normally every 5 years, are capitalized as part of the respective items of property, plant and equipment and amortized over the period of five years. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

Pre-commissioning income is recognized net of related incidental costs and is included in capital projects-in-progress.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their estimated useful lives which are as follows:

	Number of years
Buildings and infrastructure	12-50
Plant, machinery and operating equipment	2-40
Vehicle and related equipment	6-25
Furniture and IT equipment	5-14

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, less any accumulated depreciation and impairment losses, if any and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentive received. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment, except for leasehold land for which the estimated useful life is considered to be the lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). Lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is adjusted against the carrying value of the right-of-use asset or charged to profit or loss if the carrying value of the related asset is zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets

Intangible assets, having no physical existence however separately identifiable and providing future economic benefits, are initially recognized at purchase price and directly attributable costs. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

Software and licenses

Software and licenses procured for various business use and having finite useful lives are presented as intangible assets. Software and licenses are amortized on a straight-line basis over their estimated useful lives of 5 years and 12-22 years, respectively.

Amortization methods and useful lives are reviewed at each financial year end and adjusted if appropriate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Financial instruments

The Company applies the following classification and measurement requirements for financial instruments.

Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract is cancelled or expires.

Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

- Those to be measured subsequently at amortized cost; or
- Fair value through profit or loss.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets cash flows.

The Company classifies its financial liabilities as those measured at amortized cost.

Measurement

Financial instruments at fair value through profit or loss are recognized initially at fair value with transaction costs recognized in the statement of profit or loss as incurred. All other financial instruments are recognized initially at fair value plus directly attributable transaction costs. The Company initially measures the trade receivable at the transaction price as the trade receivable do not contain a significant financing component.

Financial instruments measured at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms represent contractual cash flows that are solely payments of principal and interest.

Financial instruments measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss comprise items specifically designated as fair value through profit or loss on initial recognition and financial assets held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms represent contractual cash flows that are not solely payments of principal and interest. Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Upon initial recognition, financial instruments may be designated as fair value through profit or loss. Restrictions are placed on the use of the designated fair value option and the classification can only be used:

- In respect of an entire contract if a host contract contains one or more embedded derivatives;
- If designating the financial instruments eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis;
- If financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

On initial recognition, for a financial asset the fair value option is only applied if it eliminates an accounting mismatch that would otherwise arise from measuring items on a different basis. The above fair value option criteria remains unchanged for a financial liability.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

Financial assets

At each reporting date, the Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets accounted for at amortized cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized.

- Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

- Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower, default or delinquency by a borrower, restructuring of a loan or advance by the entity on terms that the entity would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Company considers evidence of impairment at both a specific asset and collective level. All individually significant financial instruments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Impairment losses for a financial instrument are recognized in the statement of profit or loss and reflected in impairment for credit losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss.

When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the provision. The amount of the reversal is recognized in the statement of profit or loss.

The Company has adopted the simplified approach as allowed by IFRS 9 and measures the loss allowance at an amount equal to lifetime expected credit losses for all trade receivables.

Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

External valuers are involved for valuation of significant assets. The involvement of external valuers is decided by the Company after discussion with the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations.

Impairment losses are recognized in the statement of profit or loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Trade receivables

Trade receivables are amounts due from customers for sale of goods in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently carried at amortized cost using effective interest rate method, less provision for impairment, if any. Subsequent recoveries of amounts previously written-off are credited to profit or loss against general and administrative expenses.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the weighted average basis and includes all cost incurred in the normal course of business in bringing each product to its present condition and location. In the case of work in progress and finished goods, cost includes the purchase cost, the cost of refining and processing including an appropriate proportion of depreciation and production overheads based on normal operating capacity.

The net realizable value of inventories is based on 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date.

Zakat and tax

Zakat and income tax are provided for in accordance with the Saudi Arabian fiscal regulations. Zakat and income taxes are charged to the statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Zakat and income tax paid by the Company are reimbursed by the respective shareholders except for general public shareholders and are accordingly adjusted in their respective equity accounts.

Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax relating to items recognized outside statement of profit or loss is recognized either in statement of comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Employee benefits

End of service benefits

The Company operates an unfunded post-employment defined benefit plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in statement of comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

Past service costs are recognized in statement of profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date on which the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the following changes in the net defined benefit obligation under cost of sales and general and administrative expenses in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

The defined benefit liability comprises the present value of the defined benefit obligation, less past service costs.

Employee savings program

The Company operates a thrift savings program (the “**program**”) on behalf of its employees and the Company matches the employee contribution with an equal, or lesser, contribution towards the program that is commensurate with the employee's participation seniority in the program. Participation in the program by the regular employees who have completed their probationary period is optional and employee may choose the option to invest or not to invest in the program. The contributions from the Company are recognized as employee expenses and are charged to the statement of profit or loss. The Company has arranged with the local bank, being the custodian bank, to manage the program on behalf of the Company in accordance with Islamic Shari'ah Law.

Employee Share Ownership Plan (ESOP)

The employee service cost of share options granted to employees under the Employee Share Ownership Plan (ESOP) is measured by reference to the fair value of the Company's shares on the date on which the options are granted. This cost is recognized as an employee expense, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will ultimately vest. The charge in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Shares purchased are kept with a bank acting as trustee for the ESOP and are carried at cost as a deduction from shareholders' equity until the options vest and the underlying shares are transferred to the employee. On the vesting date of an individual option, the difference between the employee service cost and the purchase cost of the shares is taken directly to retained earnings as an equity adjustment.

Segment reporting

Operating segment

An operating segment is group of assets and operations:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

Provisions

Provisions are recognized 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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

6.4 Significant Estimates and Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The 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 period 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 beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Business model for managing financial assets

In making an assessment whether its business model for managing financial assets is to hold assets in order to collect contractual cash flows, the Company considers the following:

- management's stated policies and objectives for the asset and the operation of those policies in practice;
- how management evaluates the performance of the asset;
- whether management's strategy focuses on earning contractual income;
- the degree of frequency of any expected asset sales;
- the reason for any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Generally, a business model is a matter of fact which can be evidenced by the way the business is managed and the information provided to management.

Contractual cash flows of financial assets

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and interest income on the principal outstanding and so may qualify for amortized cost measurement. In making the assessment, the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Defined benefit plan

The cost of post-employment defined benefits are 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 bond obligations 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.

Useful lives of property, plant and equipment

The Company exercises judgement in determining the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of assets or physical wear and tear. The Company reviews the residual value and useful lives annually and future depreciation charges are adjusted where the Company believes the useful lives differ from previous estimates.

Extension options for leases

In the case of lease contracts where extension options are also available to the Company, judgment 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 a significant change in circumstances that is within the control of the Company.

Impairment of non-financial assets

The Company assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or, if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

6.5 Key Financial Reporting Events

6.5.1 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 this section are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

Standard/interpretation	Description	Effective from periods beginning on or after the following date
IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022G
IFRS Standards	Annual improvements to IFRS standards 2018G – 2020G	1 January 2022G
IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022G
IFRS 3	Reference to conceptual framework	1 January 2022G



Standard/interpretation	Description	Effective from periods beginning on or after the following date
IFRS 16	COVID19 Related Rent Concessions Beyond 30 June 2021G	1 January 2022G
IFRS 17	Insurance contracts	1 January 2023G
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023G
IAS 8	Definition of Accounting Estimate - Amendment	1 January 2023G
IAS 12	Deferred Tax related to Assets and Liabilities arising from "Single Transaction"	1 January 2023G
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023G
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

Source: Unaudited interim financial statements for the year ended 30 September 2021G.

The standards, interpretations and amendments with effective date 1 January 2022G will not have any material impact on the Company's financial statements, whereas for other above mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Company's financial statements on adoption.

6.5.2 Zakat and Tax

During the three-month period ended 30 June 2020G, pursuant to the issuance of the Royal Order M/153 amending Article 2(a) of the Saudi Arabian Income Tax Law (the Order) effective from 1 January 2020G, shares in the Kingdom of Saudi Arabia's resident listed companies held directly or indirectly by Saudi Aramco are subject to Zakat rather than income tax. The Company recognised Zakat and tax in the financial statements accordingly. The adoption of the Order has resulted in reduction of deferred tax asset of SAR 403 million relating to Saudi Aramco's owned interest.

The Company has filed its Zakat and income tax returns with the Zakat, Tax and Customs Authority ("ZATCA") up to the financial year 2020G. The Company's Zakat and tax assessments have been finalized by ZATCA up to the financial year 2008G and for the years 2011G up to 2016G.

Further developments related to Zakat and tax are mentioned in the "Contingency and Commitments" section below.

6.6 Principal Factors Affecting the Company's Financial Results

The following is a discussion of the most significant factors that have affected or are expected to affect the Company's financial position and results. These factors are based on the information currently available to the Company and may not represent all of the factors that may have an impact on the business. See also Section 2 "Risk Factors" of this Prospectus.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk principally arises from cash and cash equivalents, trade receivables, long-term loans and other receivables. Cash and cash equivalents are placed with banks with sound credit ratings. The majority of trade receivables representing 97.4% (31 December 2019G: 99.9%) is from founding shareholders and their affiliates with historically strong credit ratings, and is stated at respective realizable values. In the event of disagreement on any invoice, the marketer is required to pay the full value of the invoice prior to resolution of the disagreement. The Company does not obtain collaterals over receivables. As at 31 December 2020G, there were overdue debts equivalent to 7% (31 December 2019G: 8%) of the trade receivables of Company's allowed credit periods. The loans are receivable from utility service provider and employees and are secured by utility payments and mortgages on the related housing units, respectively. The Company is not exposed to significant credit risk on other receivables.



Commodity price risk

The Company is exposed to the risk of fluctuations in the prevailing market prices on the refined and petrochemical products it produces. The Company's policy is to manage these risks through the use of contract-based prices with major customers, based on the agreements entered by the Company. The Company does not enter into commodity price hedging arrangements.

Fair value and cash flow interest rate risks

Fair value and cash flow interest rate risks are the exposures associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from its short-term deposits, loans from banks and financial institutions and loans from founding shareholders, which are at floating rate of interest and are subject to re-pricing on a regular basis.

Fair value of financial assets and liabilities carried at amortized cost approximate their carrying amounts.

Interest rate sensitivity

As at 31 December 2020G, it is estimated that a general increase / decrease of 50 basis points in floating interest rates on loans and borrowings, with all other variables held constant, would increase / decrease the Company's net profit for the year by approximately SAR 192.8 million (31 December 2019G: SAR 196.1 million).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on regular basis and the Company ensures that sufficient liquid funds are available to meet any commitments as they arise. The Company aims to maintain sufficient level of its cash and cash equivalents to meet expected cash outflows of financial liabilities.

The Company's financial liabilities consist of trade and other payables, loans and borrowings, lease liabilities and accrued expenses and other liabilities. All financial liabilities except for loans and borrowings, lease liabilities, are non-commission bearing and expected to be settled within 12 months from the date of statement of financial position.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and US Dollars. The Company monitors the fluctuation in currency exchange rates and believes that currency risk is not significant to the Company.

6.7 Financial results

6.7.1 Income statement

The following table compares the Company's income statement for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.1): Income statement for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Sales	40,998	34,062	21,870	(16.9)%	(35.8)%
Cost of sales	(38,683)	(32,344)	(22,773)	(16.4)%	(29.6)%
Gross profit (loss)	2,315	1,718	(903)	(25.8)%	(152.6)%
Selling and marketing expenses	(440)	(406)	(661)	(7.7)%	62.8%
General and administrative expenses	(948)	(960)	(928)	1.3%	(3.3)%
Other income, (net)	89	88	56	(1.1)%	(36.4)%
Operating profit (loss)	1,016	440	(2,436)	(56.7)%	(653.6)%
Financial charges	(466)	(1,022)	(1,505)	119.3%	47.3%



SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Financial income	303	264	202	(12.9)%	(23.5)%
Profit (loss) before Zakat and income tax	853	(318)	(3,739)	(137.3)%	1075.8%
Zakat	(44)	(141)	(3)	220.5%	(97.9)%
Income tax	(140)	(85)	(39)	(39.3)%	(54.1)%
Net profit (loss) after Zakat and income tax	669	(544)	(3,781)	(181.3)%	595.0%
Remeasurement loss on defined benefit plan – net of tax	(12)	(59)	(57)	391.7%	(3.4)%
Total comprehensive income (loss)	657	(603)	(3,838)	(191.8)%	536.5%
As % of sales					
Gross profit (loss)	5.6%	5.0%	(4.1)%	(0.6)ppt	(9.2)ppt
Operating profit (loss)	2.5%	1.3%	(11.1)%	(1.2)ppt	(12.4)ppt
Profit (loss) before Zakat and income tax	2.1%	(0.9)%	(17.1)%	(3.0)ppt	(16.2) ppt
Net profit (loss) after Zakat and income tax	1.6%	(1.6)%	(17.3)%	(3.2)ppt	(15.7)ppt

Source: Audited financial statements for 2018G, 2019G and 2020G and Company information.

The following table compares the Company's key performance indicators and operational metrics for the years ended 31 December 2018G, 2019G and 2020G and the periods ended 30 September 2020G and 2021G.

Table (6.2): Key performance indicators and operational metrics for the years ended 31 December 2018G, 2019G and 2020G and the periods ended 30 September 2020G and 2021G.

KPI	2018G	2019G	2020G	YTD - 30 September 2020G	YTD - 30 September 2021G
Gross profit (loss)	5.6%	5.0%	(4.1)%	(12.3)%	11.0%
Operating profit (loss)	2.5%	1.3%	(11.1)%	(20.0)%	7.5%
Profit (loss) before Zakat and income tax	2.1%	(0.9)%	(17.1)%	(27.7)%	5.4%
Net profit (loss) after Zakat and income tax	1.6%	(1.6)%	(17.3)%	(27.8)%	4.9%
Throughput per annum (bbl in 000s)	140,705	135,610	99,983	65,970	97,042
Avg. daily throughput (bbl in 000s)	385	372	298	271	355
Capacity utilization	96%	93%	68%	68%	89%
Refined products volumes sold (bbl in 000s)	112,137	100,991	78,037	50,916	76,041
Petrochemical products volumes sold (MT in 000s)	2,269	2,569	3,051	2,006	3,183
Refinery avg. crack spread (SAR per bbl)	9	3	(zero)	(1)	(1)
Refinery avg. crack spread (USD per bbl)	3	1	(zero)	(zero)	(zero)
Refined products avg. selling price (SAR per bbl)	276	255	167	168	259
Petrochemical products avg. selling price (SAR per MT)	4,209	3,186	2,838	2,623	4,039

Source: Company information.



Overview of the Company's financial performance (2018G- 2020G)

Sales generated from sales of refined and petrochemical products decreased by 16.9% from SAR 40,998 million in 2018G to SAR 34,062 million in 2019G driven by (i) a decrease in the total volume sold of refined products and (ii) unfavourable market conditions which resulted in a lower average selling price per unit in line with the overall decline in international oil prices. Sales further decreased by 35.8% to SAR 21,870.2 million in 2020G driven by (i) a decrease in the total volume sold of refined products which was driven by the planned refined and petrochemical integrated complex shutdown for periodic testing and inspection (T&I) which lasted for 60 days between March 2020G and April 2020G (ii) the refining industry downturn affected by COVID-19 and IMO regulations and (iii) unfavourable market conditions which resulted in a lower total average selling price per unit resulting from the plunge in international oil prices.

The T&I related to the Petro Rabigh Phase-I plants initiation of the safe plant shutdown sequence, in accordance with the Company plan in support of the scheduled Phase-I turnaround execution efforts. The following business lines were included in the turnaround: Refinery, Monomer-I, Polymer-I, Utilities-I, Terminal & Marine and Yanbu YNGL. In total, the assets of 53 plants were shutdown, inspected and based upon their condition, restored to mechanically sound condition during the turnaround.

The overall goal of the turnaround is to restore all of the operating assets to industry and Company standards that in turn, results in sustainable and safe operation between turnaround cycles. Turnarounds are expected to occur every 5 years.

Cost of sales decreased by 16.4% from SAR 38,683.2 million in 2018G to SAR 32,344.1 million in 2019G and further decreased by 29.6% to SAR 22,772.8 million in 2020G in-line with the decrease in sales. This decrease was mainly driven by decreases in (i) materials and changes to inventory charged to cost of sales due to the decline in feedstock prices, (ii) utilities costs, (iii) repair and maintenance costs, (iv) contracted service costs and (v) lease rental costs.

Gross profit (loss): In general, given the Company's product slate of refined products, management tend to see positive spreads on gasoline, diesel and jet fuel. The naphtha spread is usually negative (or break-even on rare occasions) and the fuel oil spread is usually negative. Given the integrated nature of the plant, the Company reports crack spread for the refined product slate, on a weighted average basis.

During the year ended 31 December 2020G and the period ended 30 September 2021G, given the on-going pandemic and resulting depressed market conditions, combined with the IMO regulations (which had a material adverse impact on fuel oil spreads), the Company witnessed challenging spreads on all refined products.

During 2018G, refinery margins were stable (positive) throughout the year. Volatility throughout the year was largely driven by seasonal demand, however refinery crack spreads remained strong throughout the year.

During 2019G, the Company witnessed declining crack spreads as a result of additional (new) global refining capacity coming online. In addition, with existing refineries coming online from maintenance, this further increased global refining capacity, which combined with weak global demand due to challenging market conditions and adversely impacted the refinery crack spreads. Furthermore, the Company witnessed. Further pressure due to market awareness of the impending IMO regulations (which took effect from January 2020G). The Company witnessed the negative impact of this on the refinery crack spread (largely driven by worsening spreads on fuel oil) starting in Q4 2019G.

During 2020G and 2021G, the entire oil and gas industry was impacted by unprecedented external market factors including the Covid pandemic, which combined with more refinery capacity coming online globally, applied further downward pressure on crack spreads. Also, due to implementation of the IMO regulations, the demand on fuel oil decreased further tightening spreads.

Selling and marketing expenses decreased by 7.7% from SAR 439.6 million in 2018G to SAR 406.5 million in 2019G primarily driven by a decrease in deductibles from Aramco Trading Company, partially offset by an increase in freight charges and other selling and marketing expenses. Selling and marketing expenses subsequently increased by 62.8% to SAR 660.7 million in 2020G primarily due to an increase in deductibles amounting to SAR 289.0 million in 2020G. This increase was partially offset by decreases in freight charges and other selling and marketing expenses.

General and administrative expenses increased by 1.3% from SAR 948.0 million in 2018G to SAR 960.2 million in 2019G mainly driven by increases in depreciation and amortization charged during 2019G and an increase in professional fees, partially offset by the decrease in rent expenses, personnel costs and other general and administrative expenses. General and administrative expenses decreased by 3.3% to SAR 928.1 million in 2020G mainly driven by decreases in personnel costs and other miscellaneous expenses which were partially offset by increases in other general and administrative expense categories.

Other income, (net) remained relatively stable between SAR 88.6 million in 2018G to SAR 88.1 million in 2019G. Other income, (net) decreased by 36.4% to SAR 55.8 million in 2020G, mainly due to a decrease in income from port services and sales of scrap which amounted to SAR 13.3 million and SAR 15.9 million respectively, in addition to increased losses on disposal of property and equipment during 2020G amounting to SAR 4.1 million. The decrease in income from port services was due to the slowdown in economic activity which reduced the fees from agents utilising the port facilities.

Financial charges increased by 119.3% from SAR 465.8 million in 2018G to SAR 1,022.4 million in 2019G and further increased by 47.3% to SAR 1,505.4 million in 2020G. The increase in 2019G as compared to 2018G was primarily due to an increase in interest on leases amounting to SAR 403.4 million due to adoption of IFRS 16 – Leases effective from 1 January 2019G and an increase in interest on project finance loans amounting to SAR 113 million due to expensing interest cost in the statement of profit or loss effective from the date of commercial operations of the Expansion Project i.e. 1 November 2019G (borrowing costs on the Expansion Project were being capitalised as part of project costs up to the date of commercial operations).

Financial charges further increased in 2020G due to an increase in interest on project finance loans amounting to SAR 456.6 million attributable to expensing the interest cost for the entire year of 2020G, interest on the SIDF loan amounting to SAR 11.4 million and increases in interest on other loans and facilities for working capital purposes amounting to SAR 95 million.

Financial income decreased from SAR 302.8 million in 2018G to SAR 264.1 million in 2019G and further decreased to SAR 201.7 million in 2020G, due to a decrease in interest received on time deposits and interest on loans advanced to IWSPP attributable to repayments made over the period by IWSPP.

Zakat charges increased by 220.5% from SAR 44.1 million in 2018G to SAR 140.5 million in 2019G due to the settlement of Zakat in respect of preceding years. Zakat decreased by 97.9% to SAR 2.9 million in 2020G due to losses incurred in 2020G.

Income tax charges decreased by 39.3% from SAR 140.4 million in 2018G to SAR 84.6 million in 2019G and further decreased by 54.1% to SAR 38.8 million in 2020G primarily due to the Company incurring losses during 2019G and 2020G in addition to the change in the tax status for Saudi Aramco during 2020G making its shares subject to zakat instead of income tax.

The following table compares the Company's income statements for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.3): Income statements for the nine-month periods ended 30 September 2020G and 30 September 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Sales	13,820	32,522	135.3%
Cost of sales	(15,525)	(28,933)	86.4%
Gross (loss) profit	(1,705)	3,589	(310.5)%
Selling and marketing expenses	(436)	(624)	43.1%
General and administrative expenses	(666)	(595)	(10.7)%
Other income, (net)	42	82	95.2%
Operating (loss) profit	(2,765)	2,452	(188.7)%
Financial charges	(1,213)	(821)	(32.3)%
Financial income	154	134	(13.0)%
(Loss) profit before zakat and income tax	(3,824)	1,765	(146.2)%
Zakat	(3)	(10)	233.3%
Income tax	(15)	(167)	1013.3%
Net (loss) profit after zakat and income tax	(3,842)	1,588	(141.3)%
Remeasurement loss on defined benefit plan – net of tax	-	-	-
Total comprehensive (loss) income	(3,842)	1,588	(141.3)%
As % of sales			
Gross (loss) profit	(12.3)%	11.0%	23.4ppt
Operating (loss) profit	(20.0)%	7.5%	27.5ppt
(Loss) profit before zakat and income tax	(27.7)%	5.4%	33.1ppt
Net (loss) profit after zakat and income tax	(27.8)%	4.9%	32.7ppt

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information

Overview of the Company's financial performance (YTD-Sept20G – YTD-Sept21G)

Sales increased by 135.3% from SAR 13,819.7 million in YTD-Sept20G to SAR 32,521.8 in YTD-Sept21G driven by higher market prices and an increase in volumes sold.

Refined products and petrochemical product sales increased by 129.9% and 144.2% respectively as a result of higher market prices driven by the recovery of international oil prices as well as improvements in petrochemical prices as compared to YTD-Sept20G. In YTD- Sept20G, volumes had been depressed due to the effect of the periodic T&I that had occurred during March and April 2020G in addition to the global onset of the COVID-19 pandemic.

Cost of sales increased by 86.4% from SAR 15,525.1 million in YTD-Sept20G to SAR 28,933.0 million in YTD-Sept21G in-line with the increase in sales, the increase was driven by a sharp uplift in feedstock prices amid global recovery from the COVID-19 pandemic which resulted in an increase in each of the components of cost of sales including materials, and personnel costs which represented 97.4% and 0.9% of the increase respectively.

Selling and marketing expenses increased by 43.4% from SAR 435.5 million in YTD-Sept20G to SAR 623.7 million in YTD-Sept21G, due to increases in freight charges, deductible provisions and demurrage expenses by SAR 41.4 million, SAR 134.6 million and SAR 12.3 million respectively. These increases are attributable to the fact that during the corresponding previous period YTD-Sept20G, sales volumes declined on account of the pandemic; resulting in weak demand in addition to the fact that the Complex was under periodic testing and inspection during March and April 2020G.

General and administrative expenses decreased by 10.7% from SAR 666.3 million in YTD-Sept20G to SAR 594.8 million in YTD-Sept21G. The decrease was mainly driven by decreases in personnel costs, depreciation and amortization, IT, networking and data communication expenses and other general and administrative expenses.

Other income (net) increased by 95.2% from SAR 41.7 million in YTD-Sept20G to SAR 81.8 million in YTD-Sept21G mainly due to the increase in port service charges resulting from higher sales activity and higher scrap sales relating to off-spec products.

Financial charges decreased by 32.2% from SAR 1,213.0 million in YTD-Sept20G to SAR 821.0 million in YTD-Sept21G mainly driven by the decrease in (i) interest charges on loans and borrowings due to decreases in Libor rates and repayments made over the period, (ii) interest on finance leases driven by lease repayments made over the period and (iii) additional charges in relation to arrangement fees for the extension of the Equity Bridge Loans.

Financial income decreased by 13.0% from SAR 153.9 million in YTD-Sept20G to SAR 133.5 million in YTD-Sept21G mainly due to repayment of IWSPP loans and lower time deposit balances.

Zakat and tax increased by 941.2% from SAR 17.1 million in YTD-Sept20G to SAR 176.9 million in YTD-Sept21G mainly driven by the Company achieving a profit during the period ended 30 September 2021G resulting in an increase in deferred tax expenses for the period.

6.7.1.1 Sales by segment

The following table compares the Company's sales by segment for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.4): Sales by segment for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Refined products	31,447	25,877	13,214	(17.7)%	(48.9)%
Petrochemicals	9,551	8,185	8,657	(14.3)%	5.8%
Total sales	40,998	34,062	21,871	(16.9)%	(35.8)%
As % of sales					
Refined products	76.7%	76.0%	60.4%	(0.7)ppt	(15.5)ppt
Petrochemicals	23.3%	24.0%	39.6%	0.7ppt	15.6ppt

Source: Audited financial statements for 2018G, 2019G and 2020G and Company information.

Refined product sales decreased by 17.7% from SAR 31,447.3 million in 2018G to SAR 25,876.8 million in 2019G and further decreased by 48.9% to SAR 13,213.7 million in 2020G mainly driven by the decrease in average selling prices, coupled with the decrease in volumes sold by 11.4% from 114.0 million barrels in 2018G to 101.0 million barrels in 2019G and further decreased by 22.7% to 78.0 million barrels in 2020G. During 2020G, the drop in sales volumes was mainly driven by (i) naphtha being used as feedstock and (ii) the periodic T&I shutdown which occurred during March and April 2020G.

The average selling price of refined products decreased by 7.0% from SAR 275 in 2018G to SAR 256 in 2019G and further decreased by 34.0% to SAR 169 in 2020G.

Petrochemicals sales decreased by 14.3% from SAR 9,550.9 million in 2018G to SAR 8,185.2 million in 2019G mainly driven by the decrease in the average selling price of petrochemical products by 24.3% which was partially offset by a 13.2% increase in total volume sold due to the operations of the Expansion Facilities. Petrochemical sales subsequently increased by 5.8% to SAR 8,656.5 million in 2020G due to an 18.8% increase in total petrochemical products sold, partially offset by a 10.9% decrease in the average selling price.



The following table compares the Company's sales by segment for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.5): Sales by segment for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Refined products	8,556	19,667	129.9%
Petrochemicals	5,264	12,855	144.2%
Total sales	13,820	32,522	135.3%
As % of sales			
Refined products	61.9%	60.5%	(1.4)ppt
Petrochemicals	38.1%	39.5%	1.4ppt

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information.

Refined products sales increased by 129.9% from SAR 8,556.1 million in YTD-Sept20G to SAR 19,667.0 million in YTD-Sept21G, mainly driven by higher selling prices and an increase in volumes sold by 49.3% from 50.9 million barrels in YTD-Sept20G to 76.0 million barrels in YTD-Sept21G.

Refined product sales are mainly comprised of diesel, fuel oil, gasoline, jet fuel, naphtha and light naphtha. The Company sells all of its production to Saudi Aramco at netback prices, computed based on prevailing market prices. The average sales price for refined products grew by 52.4% from SAR 168 in YTD-Sept20G to SAR 259 in YTD-Sept21G due to favourable market conditions which resulted in the recovery of international oil prices. In addition, the volume of refined products sold increased during YTD-Sept21G by 49.3% primarily due to the periodic T&I shutdown which occurred during 2020G in addition to the gradual global recovery from the COVID-19 pandemic.

The mix of refined products sold may slightly vary in order to suit the demands of the market; this however is typically outlined as part of the jointly approved lifting plan between the Company and Saudi Aramco prior to the beginning of each period.

High sulphur "**fuel oil**" products represent approximately 26% of the Company's refined products sales. The selling price of these products is below the purchase price of crude oil and accordingly reduces the Company's average margins per barrel. Fuel oil is a by-product of the current production configuration of the Company's refinery. Moreover, the Company's fuel oil production ensures that domestic fuel oil demand is met. The Company has launched a study to upgrade (and effectively reduce) the production of high sulphur fuel oil to comply with the new IMO regulations set during 2020G which led to the sulphur content standard in marine fuel oil for international shipping being reduced from 3.5% to 0.5%. The company is evaluating the affordability and feasibility of the BOTB project to improve profitability and overcome the risk of further deterioration of fuel oil.

Naphtha has historically been sold at, or slightly above, crude oil prices, and it has been diverted as feed towards the Expansion Facilities naphtha reformer / aromatics plants. These relatively low-margin sales were reduced to zero in YTD-Sept21G, following the commencement of the commercial operation of the Expansion Facilities, as a result of naphtha being used as feedstock for the production of new "**high-value**" petrochemical products.

Petrochemicals sales increased by 144.2% from SAR 5,263.6 million in YTD-Sept20G to SAR 12,854.8 million in YTD-Sept21G, mainly driven by higher selling prices which increased by 54.0% during the period, coupled with the increase in volumes sold by 58.7% from 2,006 KT in YTD-Sept20G to 3,183 KT in YTD-Sept21G. The increase in selling prices and volume sold were mainly driven by more favourable market conditions and the steady increase in production volumes due to the operation of the Expansion Facilities. The production and sales volumes in YTD-Sept20G had been unfavourably impacted by the 60 days of periodic T&I shutdown activities.

Petrochemical products (monomers and polymers) are mostly comprised of High Density Polyethylene (HDPE), Linear Low Density Polyethylene (LLDPE), Polypropylene (PP), Mono Ethylene Glycol (MEG), Propylene Oxide (PO), Paraxylene (PX), Benzene (BZ), Phenol (PL), Acetone (AC), Low Density Polyethylene (LDPE), Ethylene Vinyl Acetate (EVA), Nylon-6, Ethylene Propylene Rubber (EPR), Thermo Plastic Olefin (TPO), Methyl Methacrylate (MMA), and Poly Methyl Methacrylate (PMMA). Petrochemical products selling prices are determined by prevailing market rates for each product.

The Company's sales mix was largely stable over the Period Under Review at approximately 60.5% and approximately 39.5% for refined and petrochemical products, respectively, compared to YTD-Sept20G which had a sales mix of 61.9% and 38.1% respectively.

6.7.1.2 Cost of sales

The following table compares the Company's cost of sales for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.6): Cost of sales for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Materials and changes to inventory	34,276	28,584	18,136	(16.6)%	(36.6)%
Depreciation and amortization	2,333	2,264	2,975	(3.0)%	31.4%
Utilities	972	313	308	(67.8)%	(1.6)%
Personnel costs	640	751	937	17.3%	24.8%
Repair and maintenance	310	296	291	(4.5)%	(1.7)%
Contracted services	73	65	41	(11.0)%	(36.9)%
Lease rentals	17	-	-	(100.0)%	-
Other overheads	62	71	85	14.5%	19.7%
Total cost of sales	38,683	32,344	22,773	(16.4)%	(29.6)%

Source: Audited financial statements for 2018G, 2019G and 2020G and Company information.

Cost of sales represent costs associated with the processing of crude oil and the production of refined and petrochemical products. Since the Company operates an integrated refinery and petrochemical plant, the Company does not review costs at product-by-product basis across business segments (refined products and petrochemical segments) for major decision making in view of the integrated nature of the plant. Accordingly, cost of sales is analysed on a company-wide level, and comprised the following:

Materials and changes in inventory represented approximately 79.6% of total cost of sales in 2020G and were mostly related to feedstock supplied from Saudi Aramco (mainly light Arabian crude oil, ethane and butane), in addition to catalysts, solvents, additives, spare parts and other basic chemicals required for the production process.

Materials and changes in inventory decreased by 16.6% from SAR 34,276 million in 2018G to SAR 28,584 million in 2019G and further decreased by 36.6% to SAR 18,136 million in 2020G, primarily driven by the decline in international oil prices and the decrease in production volume due to the periodic T&I.

Depreciation and amortization related to the depreciation of production plants and other assets associated with the integrated refining and petrochemical complex. Depreciation and amortization expenses remained relatively stable between 2018G and 2019G at SAR 2,333.0 million and SAR 2,263.6 million respectively. Subsequently, depreciation and amortization increased by 31.4% to SAR 2,974.7 million in 2020G mainly driven by additional depreciation expenses relating to (i) right-of-use assets after applying IFRS 16, (ii) additional fixed assets transferred from capital work-in-progress relating to the Expansion Facilities and (iii) incremental depreciation incurred due to periodic T&I.

Utilities represented 1.4% of total cost of sales in 2020G and were mostly related to power, steam and water provided by IWSPP in accordance with the WECA and SEC related charges.

Utilities consumed decreased by 67.8% from SAR 971.7 million in 2018G to SAR 313.3 million in 2019G, the decrease was mainly related to the Company applying IFRS 16 – Leases starting 1 January 2019G. Utilities consumed remained relatively stable between 2019G and 2020G.

Personnel costs represented approximately 4.1% of cost of sales in 2020G and represent staff expenses related to the processing of crude oil and production of refined and petrochemical products. Personnel costs are allocated to cost of sales based on a specific allocation methodology by function and nature of costs. Further analysis of personnel costs is presented and discussed in detail in section 6.7.1.3 (Personnel costs) below.

Repair and maintenance costs represented approximately 1.3% of cost of sales in 2020G and relate to costs associated with the maintenance of production plants and the integrated refined and petrochemical products complex and consist of fees paid to third party contractors. These fees are comprised of the expenses associated with routine maintenance activities.

Repair and maintenance costs decreased by 4.5% from SAR 310.3 million in 2018G to SAR 296.2 million in 2019G and further decreased by 1.7% to SAR 290.6 million in 2020G, as a result of the Company's successful implementation of rigorous preventive procedures to limit production interruption and control unscheduled maintenance in efforts to improve plant stability, efficiency and profitability in addition to a decrease due to operational upsets which occurred during 2018G.

Contracted services represented less than 0.2% of cost of sales in 2020G and primarily relate to third party contractors for the management of inbound logistical support, customs clearance, local and international freight forward and other operation support related services.

They decreased by 11.0% from SAR 73.3 million in 2018G to SAR 65.4 million in 2019G, the decrease was attributable to a decrease in warehouse handling activities in 2019G and higher operation in 2018G. Contracted services further decreased by 36.9% to SAR 40.8 million in 2020G which decreased due to lower operations in 2020G, mainly due to periodic T&I activities, economic market conditions and the ongoing pandemic which ultimately led to lower demand.

Other overheads represented less than 0.4% of cost of sales in 2020G and are mainly comprised of insurance, software license, catering, provisions for slow moving spare parts and other operating costs (consulting fees, service fees to Saudi Aramco and Sumitomo Chemical for technical support, government charges, business travel, etc.), and are reduced by miscellaneous income.

Other overheads increased by 14.5% from SAR 62 million in 2018G to SAR 71 million in 2019G mainly due to an increase in insurance premiums. Other overheads subsequently increased by 19.7% to SAR 85 million in 2020G mainly due to higher insurance costs incurred due to the commencement of the commercial operation relating to Phase II of the Expansion Facilities.

The following table compares the Company's cost of sales for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.7): Cost of sales for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Materials and changes in inventory	12,213	25,272	106.9%
Depreciation and amortization	2,196	2,278	3.7%
Utilities	228	295	29.4%
Personnel costs	629	743	18.1%
Repair and maintenance	179	241	34.6%
Contracted services	24	30	25.0%
Other overheads	56	74	32.1%
Total cost of sales	15,525	28,933	86.4%

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information

Materials and changes in inventory increased by 106.9% from SAR 12,213.0 million in YTD-Sept20G to SAR 25,272.0 million in YTD-Sept21G, primarily due to the increases in both production and crude oil prices.

Depreciation and amortization increased by 3.7% from SAR 2,196.1 million in YTD-Sept20G to SAR 2,277.2 million in YTD-Sept21G, due to increased depreciation and amortization relating to additional fixed assets transferred from capital work-in-progress.

Utilities increased by 29.4% from SAR 228.3 million in YTD-Sept20G to SAR 294.9 million in YTD-Sept21G, driven by the increased consumption of in power, water, steam and other common utilities as production ramped up upon the global demand upsurge driven by economies reopening post the COVID-19 pandemic.

Personnel costs increased by 18.1% from SAR 628.6 million in YTD-Sept20G to SAR 743.2 million in YTD-Sept21G, due to annual salary increases and an increase in medical insurance costs. Personnel costs are allocated to cost of sales based on a specific allocation methodology by function and nature of costs. Further analysis of personnel costs is presented and discussed in detail in section 6.7.1.3 (Personnel costs) below.

Repair and maintenance costs increased by 34.6% from SAR 179.4 million in YTD-Sept20G to SAR 241.5 million in YTD-Sept21G driven by repairs for some of the Company's units and additional maintenance work carried out on the Company's plants.

Contracted services increased by 25.0% from SAR 24.3 million in YTD-Sept20G to SAR 29.9 million in YTD-Sept21G driven by an increase in warehouse handling activities.

Other overheads increased from by 32.1% SAR 56.4 million in YTD-Sept20G to SAR 74.1 million in YTD-Sept21G, mainly due to increases in insurance premiums and other miscellaneous overhead costs.

6.7.1.3 Personnel costs

The Company operates with seven primary functions: manufacturing, engineering & support, finance & accounting, industrial relations, market development, industrial security and the president and CEO office. Personnel costs in each function are allocated to cost of sales and general and administrative expenses based on a specific allocation mechanism by function and nature of cost.

The following table compares the Company's personnel costs for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.8): Personnel costs for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Staff costs	1,091	1,187	1,256	8.8%	5.8%
Medical insurance costs	125	155	165	24.0%	6.5%
Training expenses	35	12	-	(65.7)%	(100.0)%
Total personnel costs	1,251	1,354	1,421	8.2%	4.9%

Source: Company information.

Staff costs include basic salaries, allowances, bonuses, visa and iqama, end of service, overtime and other personnel related costs. They increased by 8.8% from SAR 1,091.6 million in 2018G to SAR 1,187.4 million in 2019G mainly due to raises in salaries and allowances for personnel driven by a higher cost per employee mainly resulting from Management's decision to increase base salaries which was partially offset by the decrease in employee bonuses in the amount of SAR 30.1 million due to no bonus being accrued as a result of the Company incurring losses during the year. Staff costs further increased by 5.8% to SAR 1,256.6 million mainly due to additional raises in personnel salaries and allowances

Medical insurance costs represent medical insurance premiums paid to insurance companies for employees. They increased by 24.0% from SAR 124.5 million in 2018G to SAR 154.7 million in 2019G, mainly due to higher insurance premiums resulting from higher utilization and higher medical costs which caused them to further increase by 6.5% to SAR 165 million in 2020G.

Training expenses relate to workforce development, health, safety and environment courses and Expansion Facilities related training programs. Training expenses decreased in 2019G and 2020G by 65.7% to SAR 11.7 million and 100.0% to SAR 0.9 million respectively, due to the end of training courses related to the preparation of the Expansion Facilities which began commercial operation during 2019G in addition to limited training during the COVID-19 pandemic.

The following table compares the Company's personnel costs for the nine-month periods ended 30 September 2018G and 2019G.

Table (6.9): Personnel costs for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Staff costs	839	906	8.0%
Medical insurance costs	111	121	9.0%
Training expenses	2	3	50.0%
Total personnel costs	952	1,030	8.2%

Source: Company information.

Staff costs increased by 8.0% from SAR 838.9 million in YTD-Sept20G to SAR 906.4 million in YTD-Sept21G due to a raise in salaries, and allowances resulting from Management's decision to increase base salaries due to the improvement in profitability. This increase was partially offset by a decrease in overtime and other personnel costs.

Medical insurance costs increased by 9% from SAR 111.1 million in YTD-Sept20G to SAR 120.8 million in YTD-Sept21G, mainly due to higher premiums resulting from higher utilization rates and higher medical insurance rates.

Training expenses increased by SAR 1.6 million between YTD-Sept20G and YTD-Sept21G as a result of training provided during the year in relation to fire apparatus equipment training.

6.7.1.4 Selling and marketing expenses

The following table compares the Company's selling and marketing expenses for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.10): Selling and marketing expenses for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Deductibles	360	282	571	(21.7)%	102.5%
Freight charges	76	110	87	44.7%	(20.9)%
Others	4	14	3	250.0%	(78.6)%
Total selling and marketing expenses	440	406	661	(7.7)%	62.8%

Source: Audited financial statements for December 2018G, 2019G and 2020G and Company information.

Selling and marketing expenses mainly comprise of expenses incurred by the Lifters to sell/market the products to end customers (termed as Deductibles), outbound freight, and other selling and marketing expenses.

Deductibles amounted to SAR 571.3 million in 2020G and are disclosed as part of selling and marketing expenses following the adoption of IFRS 15 starting from 1 January 2018G. Deductibles decreased by 21.7% from SAR 360.4 million in 2018G to SAR 282.3 million in 2019G driven by a decrease in deductibles from Aramco Trading Company amounting to SAR 173.8 million as a result of a reversal recorded during 2018G. This was partially offset by an increase in deductibles relating to two other customers which amounted to SAR 95.7 million. Deductibles subsequently increased by 102.5% to SAR 571.3 million in 2020G due to an increase in petrochemicals volume sold via Lifters and an increase in the average price per metric ton of deductibles.

Freight charges encompass transportation of petrochemicals from the Company's Warehouses to respective ports in KSA and domestic customers. Freight charges increased by 44.7% from SAR 75.5 million in 2018G to SAR 110.6 million in 2019G mainly driven by an increase in the volume of petrochemicals in 2019G over 2018G. Freight charges subsequently decreased by 20.9% to SAR 86.9 million in 2020G, mainly driven by the weak global demand during the pandemic.

Others mainly related to sales advertisement, demurrage expenses, free samples and other selling and marketing expenses.

The following table compares the Company's selling and marketing expenses for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.11): Selling and marketing expenses for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Deductibles	401	536	33.7%
Freight charges	33	74	124.2%
Others	2	14	600.0%
Total selling and marketing expenses	436	624	43.1%

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information.

Deductibles increased by 33.7% from SAR 400.8 million in YTD-Sept20G to SAR 535.5 million in YTD-Sept21G due to higher volumes sold in YTD-Sept21G.

Freight charges increased by 124.2% from SAR 32.9 million in YTD-Sept20G to SAR 74.3 million in YTD-Sept21G driven by higher logistics costs for transportation of petrochemical products.

Others increased mainly due to higher demurrage charges amounting to SAR 14.0 million.

6.7.1.5 General and administrative expenses

The following table compares the Company's general and administrative expenses for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.12): General and administrative expenses for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Personnel costs	611	603	484	(1.3)%	(19.7)%
Depreciation and amortization	100	129	219	29.0%	69.8%
Repair and maintenance	71	74	89	4.2%	20.3%
IT, networking and data communication	66	65	70	(1.5)%	7.7%
Rent	16	2	-	(87.5)%	(100.0)%
Professional fees	8	24	23	200.0%	(4.2)%
Others	76	63	41	(17.1)%	(34.9)%
Total general and administrative expenses	948	960	927	1.3%	(3.4)%

Source: Audited financial statements for 2018G, 2019G and 2020G Company information.

Personnel costs are allocated to general and administrative expenses based on a specific allocation methodology by function and nature of cost. Further analysis of personnel cost was previously presented and discussed in detail in section 6.7.1.3 (Personnel costs) above.

Depreciation and amortization relate to the depreciation of non-operating assets (i.e. furniture, vehicles etc.). Depreciation increased by 29.0% and 69.8% respectively, from SAR 100 million in 2018G to SAR 128.8 in 2019G to SAR 219.5 million in 2020G due to transfers from capital work-in-progress to fixed assets relating to the Expansion Facilities.

Repair and maintenance mainly relate to Rabigh community and non-core assets maintenance requirements. It increased by 4.2% from SAR 71.4 million in 2018G to SAR 73.9 million in 2019G mainly driven by repair and maintenance charges incurred for community villas during 2019G. Repair and maintenance further increased by 20.3% to SAR 89.2 million in 2020G driven by Phase II becoming commercially operational effective 31 October 2019G in addition to the marine and community expenses being charged.

IT networking and data communication remained relatively stable in 2018G and 2019G. IT networking and data communication increased by 7.7% from SAR 64.9 million in 2019G to SAR 70.5 million in 2020G mainly driven by services rendered by STC for a fibre-link, service fee paid for the implementation of additional software and an additional fee paid for providing workstation support.

Rent is mainly comprised of land, vehicles and office rent expenses. Rent expenses decreased by 87.5% from SAR 15.7 million in 2018G to SAR 2.2 million in 2019G and further decreased by 100.0% to SAR 0.4 million in 2020G mainly due to the adoption of IFRS 16 – Leases effective 1 January 2019G.

Professional fees mainly consist of consulting fees incurred related to the Expansion Facility, SIDF loan, and other projects for the Company's operation. Professional fees increased by 200.0% from SAR 7.8 million in 2018G to SAR 24 million and SAR 23.2 million in 2019G and 2020G respectively mainly due to the operation of the Expansion Facility and the procurement of the SIDF loan.

Others mainly consist of travelling costs, telephone, subscription charges, office catering and demurrage. They decreased by 17.9% from SAR 76 million in 2018G to SAR 63 million in 2019G, driven by the decrease in rent and travel expenses charged to the income statement due to the adoption of IFRS 16. They further decreased by 34.9% to SAR 41.0 million in 2020G due to a decrease in travel expenses driven by the restriction on travel resulting from COVID-19.

The following table compares the Company's general and administrative expenses for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.13): General and administrative expenses for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Personnel costs	323	287	(11.1)%
Depreciation and amortization	167	149	(10.8)%
Repair and maintenance	63	61	(3.2)%
IT, networking and data communication	52	43	(17.3)%
Others	61	55	(9.8)%
Total general & administrative expenses	666	595	(10.7)%

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information

Personnel costs Further analysis of personnel cost was previously presented and discussed in detail in section 6.7.1.3 (Personnel costs) above.

Depreciation and amortization decreased from YTD-Sept20G to YTD-Sept 21G by 10.8% mainly due to depreciation charge relating to non-operating assets.

Repair and maintenance decreased by 3.2% from SAR 62.8 million in YTD-Sept20G to SAR 61.3 million in YTD-Sept21G mainly due to SAR 1.4 million spent towards general maintenance of the integrated facility during YTD-Sept20G.

IT, networking and data communication decreased by 17.3% from SAR 52.3 million in YTD-Sept20G to SAR 42.6 million in YTD-Sept21G mainly driven by one-off adjustment that was made during 2021G related to the prior period in which a lower level of support services agents were present to attend to calls than the number of agents contracted from one of the Company's vendors.

Others decreased by 9.8% from SAR 61.0 million in YTD-Sept20G to SAR 55.0 million in YTD-Sept21G due to the decrease in travel expenses incurred driven by the restriction on travel resulting from COVID-19.

6.7.1.6 Other income, (net)

The following table compares the Company's other income, (net) for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.14): Other income, (net) for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Port services	50	48	35	(4.0)%	(27.1)%
Scrap sales	33	32	16	(3.0)%	(50.0)%
Miscellaneous income/expenses	6	8	5	33.3%	(37.5)%
Total other income, (net)	89	88	56	(1.1)%	(36.4)%

Source: Audited financial statements for 2018G, 2019G and 2020G and Company information.

Other income, (net) remained relatively stable between SAR 88.6 million in 2018G to SAR 88.1 million in 2019G. Other income, (net) decreased by 36.4% to SAR 55.8 million in 2020G, mainly due to a decrease in income from port services and sales of scrap which amounted to SAR 13.3 million and SAR 15.9 million respectively, in addition to increased losses on disposal of property and equipment during 2020G amounting to SAR 4.1 million.

The following table compares the Company's other income, (net) for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.15): Other income, (net) for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Port services	23	38	65.2%
Scrap sales	9	30	233.3%
Miscellaneous income/expenses	9	14	55.6%
Total other income, (net)	41	82	100.0%

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information.

Other income (net) increased by 100.0% from SAR 41 million in YTD-Sept20G to SAR 81.8 million in YTD-Sept21G mainly due to the increase in port service charges resulting from higher sales activity and higher scrap sales relating to off-spec products.

6.7.1.7 Financial charges

The following table compares the Company's financial charges for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.16): Financial charges for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Interest on loans and borrowings	426	580	1,077	36.2%	85.7%
Interest on finance leases	30	433	415	1343.3%	(4.2)%
Others	10	9	13	(10.0)%	44.4%
Total financial charges	466	1,022	1,505	119.3%	47.3%

Source: Audited financial statements for 2018G, 2019G and 2020G and Company information.



Financial charges are related to the following:

Interest on loans and borrowings relate to (i) the Phase 1 Financing Facilities and the Phase 2 Financing Facilities, (ii) loans from Founding Shareholders, (iii) SIDF Loan and (iii) other short-term loans provided for working capital financing.

Financial charges increased by 36.2% from SAR 425.9 million in 2018G to SAR 580.7 million in 2019G and further increased by 85.7% to SAR 1,076.5 million in 2020G. The increase in 2019G as compared to 2018G is primarily due to expensing interest cost in statement of profit or loss effective from date of the commercial operations of the Expansion Project i.e. 1 November 2019G (borrowing costs on the Expansion Project was being capitalised as part of project cost up to the date of commercial operations).

Financial charges further increased in 2020G due to an increase in interest on project finance loans amounting to SAR 456.6 million attributable to expensing the interest cost for the entire year of 2020G, interest on SIDF loan amounting to SAR 11.4 million and increase in interest on other loans and facilities for working capital purpose amounting to SAR 95 million.

Interest on finance leases relate to financial charges in relation to the Company's finance leases. Up to 2018G, the Company had 3 finance leases, namely: (i) community facilities, (ii) marine terminal facilities and (iii) desalination plant. Effective from 1 January 2019G, with the adoption of IFRS 16 - Leases, additional "**right-of-use assets**" were recognized amounting to SAR 12,345 million which is the reason for interest on finance leases to increase by 1343.3% from SAR 29.7 million in 2018G to SAR 433.0 million in 2019G. Subsequently, they decreased by 4.2% to SAR 415.5 million in 2020G due to regular amortization and repayment of the leases.

Others consist of bank charges and realized and unrealized gains / losses on Forex. Other financial costs remained relatively stable between 2018G and 2020G.

The following table compares the Company's financial charges for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.17): Financial charges for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Interest on loans and borrowings	885	517	(41.6)%
Interest on finance leases	313	299	(4.5)%
Others	14	5	(64.3)%
Total financial charges	1,212	821	(32.3)%

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information

Interest charges on loans and borrowings decreased by 41.6% from SAR 885.2 million in YTD-Sept20G to SAR 516.5 million in YTD-Sept21G, mainly driven by a decrease in interest on the Phase 1 Financing Facilities, the Phase 2 Financing Facilities and shareholders' loans amounting to SAR 510.2 million attributable to the decrease in Libor and repayments made in respect of the Phase 1 Financing Facilities and the Phase 2 Financing Facilities over the period. This was partially offset by an increase in working capital financing interest and interest related to the SIDF loan which had a total effect of SAR 141.5 million. In addition, there were additional charges in relation to arrangement fees for the extension of EBLs during 2020G.

Interest on finance leases decreased from SAR 313.4 million in YTD-Sept20G to SAR 299.4 million in YTD-Sept21G as a result of lease payments made over the period.

6.7.1.8 Financial income

The following table compares the Company's financial income for the years ended 31 December 2018G, 2019G and 2020G.

Table (6.18): Financial income for the years ended 31 December 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	YOY '18-'19	YOY '19-'20
Interest on loan to IWSP	245	226	201	(7.8)%	(11.1)%
Time deposits	58	38	1	(34.5)%	(97.4)%
Total financial income	303	264	202	(12.9)%	(23.5)%

Source: Audited financial statements for 2018G, 2019G and 2020G and Company information.



Financial income comprised of the following:

Interest on loan to IWSP relates to interest received on loans to IWSP for the development and expansion of the IWSP plant for desalinated water, steam and power. The loans carry an interest rate of approximately 5.7%. They decreased by 7.8% from SAR 244.8 million in 2018G to SAR 225.7 million in 2019G, and by 11.1% from SAR 225.7 million in 2019G to SAR 200.9 million in 2020G due to the reduction in IWSP loan balances following the repayments made over the period by the IWSP.

Time deposits relates to interest income earned on short and medium-term deposits. Financial income on time deposits decreased by 34.5% from SAR 58.0 million in 2018G to SAR 38.7 million in 2019G and further decreased to SAR 0.7 million in 2020G mainly driven by the decrease in the number and amount of time deposits as a result of the Company maintaining liquid funds in bank accounts to meet cash requirements during the Period Under Review.

The following table compares the Company's financial income for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.19): Financial income for the nine-month periods ended 30 September 2020G and 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Var 'YTD/20-'YTD/21
Interest on loan to IWSP	153	134	(12.4)%
Time deposits	1	-	(100.0)%
Total financial income	154	134	(13.0)%

Source: Unaudited interim financial statements for YTD-Sept20G and YTD-Sept21G and Company information

Interest on loan to IWSP decreased by 12.4% from SAR 153.9 million in YTD-Sept20G to SAR 133.5 million in YTD-Sept21G, in line with the repayments made relating to the IWSP loan.

6.7.2 Balance sheet

The following table presents the Company's balance sheet as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.20): Balance sheet as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Current assets	14,636	11,520	9,506	14,185	(21.3)%	(17.5)%	49.2%
Non-current assets	49,458	62,509	61,187	58,523	26.4%	(2.1)%	(4.4)%
Total assets	64,094	74,029	70,693	72,708	15.5%	(4.5)%	2.9%
Current liabilities	24,890	27,946	20,185	21,923	12.3%	(27.8)%	8.6%
Non-current liabilities	28,662	36,042	44,305	42,982	25.7%	22.9%	(3.0)%
Total liabilities	53,552	63,988	64,490	64,905	19.5%	0.8%	0.6%
Total equity	10,542	10,041	6,203	7,803	(4.8)%	(38.2)%	25.8%
Total liabilities and equity	64,094	74,029	70,693	72,708	15.5%	(4.5)%	2.9%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Current assets decreased from SAR 14,636.4 million as at 31 December 2018G to SAR 14,184.6 million as at 30 September 2021G, largely driven by the decrease in (i) cash and cash equivalents due to a decrease in cash flows generated from operating activities, (ii) VAT receivables due to finalization of VAT assessments, advances to suppliers and other receivables and (iii) time deposits. These have been partially offset by increases in (i) trade receivables due to improvements in the prices of both refined and petrochemical products and (ii) inventories.



Non-current assets increased from SAR 49,457.6 million as at 31 December 2018G to SAR 58,523.2 million as at 30 September 2021G mainly driven by (i) the addition of right-of-use assets being brought onto the balance sheet pursuant to adoption of IFRS 16 – Leases effective 1 January 2019G and (ii) the increase in intangible assets due to the additions in software relating to the Expansion facilities. These have been partially offset by decreases in IWSP loans receivable and deferred tax assets primarily attributable to the change in tax status of one of the founding shareholders from taxable to zakatable.

Current liabilities decreased from SAR 24,889.9 million as at 31 December 2018G to SAR 21,923.2 million as at 30 September 2021G primarily driven by the decrease in (i) accrued expenses, accrued bonuses and customer rebates, non-trade related party payables and other accruals, (ii) the loan balances primarily due to reclassification of the Equity Bridge Loans from current as at 31 December 2018G to non-current as at 30 September 2021G, (iii) zakat and tax payables due to payments of outstanding amounts during 2019G and 2020G. This decrease was partially offset by the increase in trade payables due to increases in crude prices and lease liabilities (current portion) due to the adoption of IFRS 16 – Leases effective 1 January 2019G.

Non-current liabilities increased from SAR 28,662.1 million as at 31 December 2018G to SAR 42,982.1 million as at 30 September 2021G, principally driven by the increase in (i) lease liabilities (non-current portion) due to adoption of IFRS 16 – Leases effective 1 January 2019G, (ii) loans and borrowings primarily due to reclassification of the Equity Bridge Loans from current as at 31 December 2018G to non-current as at 30 September 2021G and (iii) increase in employee benefits due to increases in employees' end of service benefits and saving program.

Total shareholders' equity was mainly composed of the share capital of the Company, statutory reserve and retained earnings (accumulated losses), partly offset by the employee share ownership plan.

As at 30 September 2021G, share capital amounted to SAR 8,760.0 million. Total shareholders' equity balance decreased from SAR 10,542 million as at 31 December 2018G to SAR 7,802 million as at 30 September 2021G mainly due to the losses incurred over this period.

6.7.2.1 Current assets

The following table presents the Company's current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.21): Current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Cash and cash equivalents	1,264	316	1,016	1,061	(75.0)%	221.5%	4.4%
Time deposits	1,656	-	-	-	(100.0)%	-	-
Accounts receivable	6,005	5,364	3,990	7,287	(10.7)%	(25.6)%	82.6%
Inventories	3,207	3,406	3,071	4,110	6.2%	(9.8)%	33.8%
Current portion of long-term loans	420	450	466	488	7.1%	3.6%	4.7%
Prepayments and other receivables	2,084	1,984	964	1,239	(4.8)%	(51.4)%	28.5%
Total current assets	14,636	11,520	9,507	14,185	(21.3)%	(17.5)%	49.2%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Note: Long-term loans are covered in total under non-current assets.



6.7.2.1.1 Cash and cash equivalents

The following table compares the Company's total cash and cash equivalents as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.22): Cash and cash equivalents as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Cash balances	626	316	1,016	1,061	(49.5)%	221.5%	4.4%
Short-term deposits	638	-	-	-	(100.0)%	-	-
Total cash and cash equivalents	1,264	316	1,016	1,061	(75.0)%	221.5%	4.4%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Cash and cash equivalents include cash balances held in banks, cash on hand and time deposits (with a maturity of 3 months or less). They decreased from SAR 1,263.7 million as at 31 December 2018G to SAR 1,060.9 million as at 30 September 2021G due to decreased investments in short-term deposits, lower cash flows generated from operating and investing activities, partially offset by increased cash used in financing activities relating to the repayment of loans and borrowings.

6.7.2.1.2 Time deposits

The following table compares the Company's time deposits as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.23): Time deposits as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Time deposits	1,656	-	-	-	(100.0)%	-	-

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Time deposits represent short-term investments in time deposits with original maturity of more than three months held with banks and yield financial income at prevailing market rates. The balance decreased to zero subsequent to 2018G due to the Company issuing bank guarantees in lieu of maintaining time deposits in order to improve the management of its cashflow requirements.

6.7.2.1.3 Accounts receivable

The following table compares the Company's total accounts receivable as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.24): Accounts receivable by customer type as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Related party trade receivables	5,920	5,361	3,887	7,215	(9.4)%	(27.5)%	85.7%
Saudi Aramco	4,036	3,740	3,288	4,828	(7.3)%	(12.1)%	46.8%
Sumitomo Chemical	911	727	177	1,102	(20.2)%	(75.7)%	522.6%
Aramco Trading Company	973	-	-	124	(100.0)%	-	-
Aramco Chemicals Company	-	894	422	963	100.0%	(52.8)%	128.2%

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Aramco Trading Singapore	-	-	-	198	-	-	100.0%
Third party (trade)	113	31	132	100	(72.6)%	325.8%	(24.2)%
Less: provision for doubtful debts	(28)	(28)	(28)	(28)	-	-	-
Net receivables	6,005	5,364	3,991	7,287	(10.7)%	(25.6)%	82.6%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Accounts receivable decreased by 10.7% from SAR 6,004.7 million as at 31 December 2018G to SAR 5,364.1 million as at 31 December 2019G, mainly driven by lower sales value and volume in Q4 2019G as compared to Q4 2018G. This decrease was partially offset by an increase in receivables from Aramco Chemicals Company in the amount of SAR 894.2 million. Accounts receivable further decreased by 25.6% to SAR 3,991 million as at 31 December 2020G due to (i) the impact of the pandemic on the market volumes/prices and (ii) the revision in credit terms to Lifters from 45 Days to 7 Days in an effort to manage the Company's cashflow position temporarily amidst weakening global demand. This decrease was partially offset by an increase in third party receivables amounting to SAR 101.5 million.

Accounts receivable increased by 82.6% to SAR 7,286.6 million as at 30 September 2021G due to an increase in related party receivables amounting to SAR 3,328.4 million which was due to (i) increase in selling prices to related parties resulting from the gradual restoration of the market and (ii) restoration of credit terms back to 45 Days from 7 Days. This increase was partially offset by a net decrease in third party receivables which amounted to SAR 32.2 million.

The following table compares the ageing schedule of the Company's total accounts receivable as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.25): Accounts receivable ageing as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September
	2018G	2019G	2020G	2021G
Up to 45 days	5,974	4,952	3,742	6,972
Up to 6 months	3	403	95	310
6 - 24 months	21	7	150	2
More than 24 months	35	30	31	31
Gross receivables	6,033	5,392	4,018	7,315
Allowance for doubtful balances	(28)	(28)	(28)	(28)
Net receivables	6,005	5,364	3,990	7,287

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G.

Approximately 95.3% of gross receivables as at 30 September 2021G (SAR 6,972 million) were current and classified as less than 45 days.

At 30 September 2021G, out of SAR 342.6 million of the total outstanding gross receivables aged over 45 days, Saudi Aramco constituted SAR 246.4 million, Sumitomo Chemical constituted SAR 11.9 million, Aramco Chemicals Company constituted SAR 43.9 million, Aramco Trading Singapore constituted SAR 10.0 million and third party customers constituted SAR 30.5 million of which a provision for doubtful debts exists amounting to SAR 28.4 million. All outstanding dues from related parties are expected to be settled within their respective due dates.

The Company's receivable balances are mainly with the Founding Shareholders, who have strong creditworthiness. As per the lifting and marketing agreements with the Founding Shareholders, in the event of a disagreement with the marketers, the marketer is required to pay the full value of the invoice prior to resolution of the disagreement.

6.7.2.1.4 Inventory

The following table compares the Company's total inventory as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.26): Inventory as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Finished goods	809	534	694	1,242	(34.0)%	30.0%	79.0%
Work-in-progress	848	1,054	812	1,123	24.3%	(23.0)%	38.3%
Spare parts and consumables	1,043	1,190	1,181	1,186	14.1%	(0.8)%	0.4%
Raw material	441	595	372	548	34.9%	(37.5)%	47.3%
Goods-in-transit	66	33	12	11	(50.0)%	(63.6)%	(8.3)%
Total inventory	3,207	3,406	3,071	4,110	6.2%	(9.8)%	33.8%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Inventory is mainly comprised of finished goods, work-in-progress, spare parts and consumables, raw materials and goods-in-transit.

The Company maintains a minimal level of finished goods, raw materials and work-in-progress inventory as its products are immediately produced and lifted by the marketers (i.e. Saudi Aramco, Aramco Trading Company, Aramco Chemicals Company and Sumitomo Chemical).

Inventory increased from SAR 3,207.4 million as at 31 December 2018G to SAR 3,406.2 million as at 31 December 2019G due to the increase in the work-in-progress and spare parts and consumables accounts due to the operation of the Expansion Facilities during 2019G, partially offset by a decrease in other inventory categories. Subsequently, the inventory balance decreased to SAR 3,070.7 million as at 31 December 2020G, mainly driven by a decrease in the inventory categories, namely, work-in-progress, raw materials and goods-in-transit. Inventory reached SAR 4,109.6 million as at 30 September 2021G driven by the increase in finished goods (+SAR 433.5 million), work-in-progress (+SAR 274.7 million), spare parts and consumables (+SAR 142.8 million) and raw materials (+SAR 107.0 million). The increase was partially offset by a decrease in goods-in-transit (-SAR 55.4 million).

Finished goods decreased to SAR 534.4 million as at 31 December 2019G mainly driven by a significant drop in standard crude price and was further magnified by low inventory levels for the refined and petrochemical segments due to weak market conditions. Finished goods increased to SAR 693.5 as at 31 December 2020G mainly driven by an increase in production levels post completion of periodic testing and inspection (T&I) in 2020G. Finished goods inventory further increase to SAR 1,242.5 million as at 30 September 2021G mainly due to a higher finished goods levels maintained to minimize the impact of the increase in average crude oil prices and inflationary pressures as a result of high transportation costs.

Work-in-progress increased from SAR 847.7 million as at 31 December 2018G to SAR 1,054.4 million as at 31 December 2019G, mainly driven by the commencement of the operations of the Expansion Facilities. Subsequently, work-in-progress decreased to SAR 812.3 million as at 31 December 2020G primarily due to the decrease in crude prices as at 31 December 2020G as compared to 31 December 2019G. Furthermore, work-in-progress increased by SAR 1,122.7 million as at 30 September 2021G mainly due to the increase in the crude prices as at 30 September 2021G as compared to 31 December 2020G.

The Company maintains a store of **spare parts and consumables** for critical components, recognized in the income statement when consumed, with the exception of capital spare parts, which are part of property, plant and equipment. Spare parts and consumables increased to SAR 1,190.3 million as at 31 December 2019G primarily due to spare parts related to the Expansion project and remained relatively stable as at 31 December 2020G and 30 September 2021G.

Raw materials increased from SAR 440.9 million at 31 December 2018G to SAR 594.5 million as at 31 December 2019G, mainly driven by the procurement of catalysts and other raw materials associated with the Expansion Facilities. Raw materials decreased to SAR 371.9 million as at 31 December 2020G mainly due to a drop in caprolactam and catalyst inventory. Subsequently, raw materials increased to SAR 548.1 million mainly driven by additional purchases as a result of commencement of operation of the Expansion Project.

Goods in-transit represents products that have been shipped by various vendors but have not yet been received.

6.7.2.1.5 Prepayments and other current assets

The following table compares the Company's total prepayments and other current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.27): Prepayments and other current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September 2021G	Variance		
	2018G	2019G	2020G		'18-'19	'19-'20	'20-'21
Advances to suppliers	457	383	85	93	(16.2)%	(77.8)%	9.4%
Zakat and tax receivable and due from related parties	1,517	1,503	790	1,028	(0.9)%	(47.4)%	30.1%
Prepayments and deposits	66	81	73	101	22.7%	(9.9)%	38.4%
Other receivables, (net)	44	17	16	17	(61.4)%	(5.9)%	6.3%
Total	2,084	1,984	964	1,239	(4.8)%	(51.4)%	28.5%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Prepayments and other current assets were comprised of advances to suppliers, zakat and tax reimbursable, Input VAT, prepayments and other receivables.

Advances to suppliers mainly related to advance payments on purchase of materials and services, in addition to advances for custom duty clearance fees. Advances to suppliers decreased from SAR 456.8 million as at 31 December 2018G to SAR 383.0 million as at 31 December 2019G due to a net decrease in custom duty clearance fees and a decrease in down payments to vendors amounting to SAR 78.4 million and SAR 126.4 million respectively. This decrease was partially offset by an increase in advances to local and international suppliers which amounted to SAR 127.9 million. Advances to suppliers decreased to SAR 84.5 million mainly driven by a decrease in custom duty clearance fees and down payments to vendors. Subsequently, the balance increased to SAR 93.2 million driven by an increase in down payments to vendors.

Zakat and tax receivable is primarily comprised of zakat and income tax reimbursable from the Company's Founding Shareholders and the Company's input VAT.

The balance of zakat and tax receivable mainly decreased as at 31 December 2019G as compared to 31 December 2018G due to nil tax reimbursable from the founding shareholders as at 31 December 2019G (as income tax liability was nil for 2019G due to losses incurred). This was partially offset by increase in input VAT as at 31 December 2019G as compared to 31 December 2018G.

Zakat and tax receivable further decreased from SAR 1,503 million as at 31 December 2019G to SAR 790 million as at 31 December 2020G largely due to the decrease in Input VAT (due to lower purchases effected by the pandemic and periodic T&I). Zakat and tax receivable went on to increase as at 30 September 2021G to SAR 1,028 million largely due to increase in input VAT (attributable to increase in VAT rate from 5% to 15% effective from 1 July 2020G).

Prepayments are mainly comprised of advances to employees in accordance with the Company's HOP program, prepaid insurance, and other prepaid expenses. Prepayments increased in 2019G and subsequently increased to SAR 100.8 million as at 30 September 2021G due to an increase in prepaid medical insurance (payments made up to January 2020G) partially offset by decreases in HOP advances.

Other receivables, (net) decreased from SAR 43.9 million at 31 December 2018G to SAR 16.8 million at 31 December 2019G, mainly due the collection of receivables relating to customs and international suppliers during 2019G. Other receivables, (net) decreased to SAR 16 million as at 31 December 2020G primarily due to a decrease in non-trade receivables from related parties in the amount of SAR 1.2 million. Furthermore, the other receivables, (net) balance increased to SAR 17.2 million driven by an increase in receivables from customs.

6.7.2.2 Non-current assets

The following table compares the Company's total non-current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.28): Non-current assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September 2021G	Variance		
	2018G	2019G	2020G		'18-'19	'19-'20	'20-'21
Property, plant and equipment	44,628	46,111	46,050	44,528	3.3%	(0.1)%	(3.3)%
Right-of-use assets	394	12,039	11,342	10,819	2955.6%	(5.8)%	(4.6)%
Intangible assets	111	494	432	392	345.0%	(12.6)%	(9.3)%
Investment	16	16	16	16	-	-	-
Long-term loans	3,863	3,450	2,983	2,565	(10.7)%	(13.5)%	(14.0)%
Deferred tax asset	446	399	365	203	(10.3)%	(8.8)%	(44.4)%
Total non-current assets	49,458	62,509	61,188	58,523	26.4%	(2.1)%	(4.4)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

6.7.2.2.1 Property, plant and equipment

The following table compares the Company's total property, plant and equipment as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.29): Property, plant and equipment as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September 2021G	Variance		
	2018G	2019G	2020G		'18-'19	'19-'20	'20-'21
Plant, machinery and operating equipment	15,346	35,165	35,976	35,154	129.1%	2.3%	(2.3)%
Building and infrastructure	2,252	8,105	8,094	8,078	259.9%	(0.1)%	(0.2)%
Furniture and IT equipment	95	325	307	293	242.1%	(5.5)%	(4.6)%
Vehicles and related equipment	8	7	8	9	(12.5)%	14.3%	12.5%
Capital projects-in-progress	26,927	2,509	1,665	994	(90.7)%	(33.6)%	(40.3)%
Total	44,628	46,111	46,050	44,528	3.3%	(0.1)%	(3.3)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

The Company is a capital-intensive company with **property, plant and equipment**, which is mainly comprised of, plant, machinery and operating equipment, capital projects-in-progress and building and infrastructure.

Net book value of property, plant and equipment increased from SAR 44,628.3 million as at 31 December 2018G to SAR 46,110.8 million as at 31 December 2019G following additions of SAR 3,136.9 million in 2019G attributable to capitalized spare parts and continued progress on the Expansion Facilities, partially offset by depreciation for 2019G amounting to SAR 1,653.8 million.

Net book value of property, plant and equipment remained relatively stable in 2020G. The movement during the year related to additions relating to spare parts and capital work-in-progress which amounted to SAR 2,359.2 million which was offset by annual depreciation charges and transfers of capital work-in-progress to intangible assets amounting to SAR 17.6 million.

Furthermore, the net book value of property, plant and equipment further decreased by 3.3% to SAR 44,527.8 million as at 30 September 2021G, this decrease was attributable to the annual depreciation charge and a transfer of intangible assets from capital work-in-progress. This decrease was partially offset by additions to fixed assets amounting to SAR 335.3 million.

Plant, machinery and operating equipment mainly represent the Initial Facilities (e.g. ethane cracker, HOFCC, etc.) and the Expansion Facilities and auxiliary support units and infrastructure (e.g. utility and process pipelines, coolers and condensers, compressors and blowers, storage tanks).

Building and infrastructure mainly comprised the buildings, steel structures, silos, platforms and portable cabins associated with the Initial Facilities as well as the roads, walks and pavements situated in the Initial Facilities.

Furniture and IT equipment consisted of office and other furniture located in administrative buildings, workshops and laboratories as well as CCTV systems, fire alarm systems, data network infrastructure (e.g. LAN, servers, etc.), communication equipment and security access control systems.

Vehicles and related equipment comprised fire trucks, ambulances, marine vessels, and other vehicles.

Capital projects-in-progress mainly represented the costs related to the acquisition and ongoing construction of the Expansion and Existing Facilities. The Company also included pre-commissioning income, representing sales of on-spec products derived from the pre-commissioning phase of the Expansion Facilities, which reduced the Expansion Facilities balance (up to the date of commercial operations of the Expansion facility).

Capital projects-in-progress decreased in 2020G driven by completion of construction and commissioning of the expanded integrated facilities (from CWIP to PPE) in Nov 2019G.

6.7.2.2 Right-of-use assets

Effective 1 January 2019G, the Company adopted IFRS 16 – Leases using the simple modified method of adoption. This resulted in additional right-of-use assets amounting to SAR 12,345 million being recorded in the Company's balance sheet on the date of initial application (1 January 2019G).

The following table compares the Company's total right-of-use assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.30): Right-of-use assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Land, building and infrastructure	352	1,037	1,002	975	194.6%	(3.4)%	(2.7)%
Plant and machinery	42	10,944	10,291	9,801	25957.1%	(6.0)%	(4.8)%
Vehicles	-	58	49	43	100.0%	(15.5)%	(12.2)%
Total	394	12,039	11,342	10,819	2955.6%	(5.8)%	(4.6)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Right-of-use assets represent assets acquired under a lease contract where the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. Right-of-use assets of the Company are comprised of Land, building and infrastructure (community land and facilities, marine terminal site and facilities, Complex land and Plus Tech Park land), Plant and machinery (RAWEC Utilities and Desalination Plant) and Vehicles. These right-of-use assets are depreciated over the lower of their lease term and estimated useful lives.

Right-of-use assets increased from 31 December 2018G to 31 December 2019G following the adoption of IFRS 16 – Leases from its effective date of 1 January 2019G. Right-of-use assets decreased by 5.8% and 4.6% to SAR 11,341.6 million and SAR 10,818.9 million as at 31 December 2020G and 30 September 2021G respectively, mainly driven by the depreciation charge for each year which was partially offset by additions to leased vehicles and related equipment amounting to SAR 23.5 million in 2020G and SAR 11.8 million in 2021G.

Community land and facilities are related to a lease agreement with Saudi Aramco over a period of 25 years.

Marine terminal is related to a finance lease agreement with Saudi Aramco for the deep-water port, turning basin, pioneer port, dry and liquid cargo ports, and loading and unloading arms which form the Rabigh marine terminal for a lease term of 30 years. The marine terminal is utilized to export refined products as well as import feedstock for various petrochemical products (e.g. ethylene and cumene).

Complex land is a lease agreement with Saudi Aramco for a period of 99 years.

Plus Tech Park land is a lease with Saudi Aramco and Rabigh Conversion Industry Management Company (RCIMS) for a period of 30 years.

RAWEC Utilities is the agreement between the Company and IWSPP for the supply of Power, Steam and Desalinated Water by RAWEC to the Company for a period of 25 years.

Desalination plant is related to the water purchase agreement of the desalination plant novated from Saudi Aramco to the Company in 2008G with the remaining term of 14 years.

Vehicle leases are related to leases of buses, cars and ambulances with Eradat Transport LLC and Al Jomaih Automotive Company for a period of 5 years.

The following table presents the Company's lease obligations related to right-of-use assets as at 31 December 2020G and 30 September 2021G.

Table (6.31): Breakdown of finance lease obligations as at 31 December 2020G and 30 September 2021G

SAR in millions	31 December 2020G			30 September 2021G		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Land, building and infrastructure	2,716	1,608	1,108	2,663	1,567	1,096
Plant and machinery	13,884	3,277	10,607	13,237	3,020	10,217
Vehicles	54	3	51	46	2	44
Total	16,654	4,888	11,766	15,946	4,589	11,357

Source: Audited financial statements for 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

6.7.2.2.3 Intangible assets

The following table compares the Company's total intangible assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.32): Intangible assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Licenses	103	309	271	242	200.0%	(12.3)%	(10.7)%
Software	3	180	157	146	5900.0%	(12.8)%	(7.0)%
Others	5	5	4	4	-	(20.0)%	-
Total	111	494	432	392	345.0%	(12.6)%	(9.3)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Intangible assets mainly comprised process licenses and software licenses. The movement in intangible assets consisted of annual amortization charges partially offset by additions to software transferred from capital work-in-progress.



Licenses mainly included the license acquired from Basell for high density polyethylene processes and the license from Shell Research Limited for MEG. Licenses are amortized over the validity period, which ranges from 12 to 22 years.

Software mainly relates to SAP software, which is the Company's main ERP system and data protector utilized for backing up all the Company's data. This software is purchased as per the Company's requirements, for which the cost is capitalized and amortized over a period of 5 years.

Others mainly relate to consultancy services for obtaining long term financing relating to the Expansion Facilities.

6.7.2.2.4 Investment

Investment represents the Company's 1% equity stake ownership in RAWEC. The valuation is carried at Level 3 fair valuation as management has determined that the carrying value of the investment approximates the fair value.

6.7.2.2.5 Long-term loans (current and non-current portions)

The following table compares the Company's total long-term loans as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.33): Long-term loans (current and non-current asset portions) as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
IWSPP	410	442	458	479	7.8%	3.6%	4.6%
Loan to employees	10	8	8	9	(20.0)%	-	12.5%
Current portion	420	450	466	488	7.1%	3.6%	4.7%
IWSPP	3,655	3,213	2,755	2,394	(12.1)%	(14.3)%	(13.1)%
Loan to employees	208	237	228	171	13.9%	(3.8)%	(25.1)%
Non-current portion	3,863	3,450	2,983	2,565	(10.7)%	(13.5)%	(14.0)%
Total	4,283	3,900	3,449	3,053	(8.9)%	(11.6)%	(11.5)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Note: Long-term loans are presented including current and non-current portions.

Long-term loans amounted to SAR 2,564.9 million as at 30 September 2021G and were mainly comprised of loans provided to IWSPP (93.3% of total) and loans granted to employees under the HOP Plan (6.7% of total).

Table (6.34): RAWEC (IWSPP) loans (current and non-current portions) as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Initial Facilities	1,432	1,174	894	681	(18.0)%	(23.9)%	(23.8)%
Expansion Facilities	2,633	2,481	2,319	2,192	(5.8)%	(6.5)%	(5.5)%
Total	4,065	3,655	3,213	2,873	(10.1)%	(12.1)%	(10.6)%

Source: Company information.

Loans to IWSPP related to the Company entering into agreements with IWSPP (namely the WECA) to receive desalinated water, steam and power to its complex. The Company provided a loan to IWSPP amounting to SAR 3,900 million (Initial Facilities) at an interest rate of 5.76% per annum to partially finance the development of a plant (on a build, own and operate basis).

Additionally, during the year ended 31 December 2015G, the Company provided a portion of IWSPP project financing in the form of credit facilities of SAR 3,300 million for the expansion of the existing independent water, steam and power facilities to meet future demand requirements of the Expansion Facilities plants, at an interest rate of 5.7% per annum.

As at 30 September 2021G, balance outstanding of the loan relating to Expansion Facility amounted to SAR 2,192.1 million, while SAR 681 million related to the Initial facility.

The loans for the Initial Facilities and the Expansion Facilities were secured by the assets of IWSPP.

On December 30, 2021 RAWEC paid off the entire loan outstanding to the Company in the amount of SAR 2.835 billion (USD 756 million) in accordance with the MOU.

Loans to employees relate to loans provided by the Company to eligible employees under the HOP for the construction/purchase of a house. The cost of construction/purchase price is repaid by the employee (free of interest), by way of direct deduction from the respective salary over a period up to seventeen years. These loans are secured by mortgages on the related housing units. Ownership of the housing unit is transferred to the employee upon full payment of the loan.

6.7.2.2.6 Deferred tax assets

The following table compares the Company's total deferred tax assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.35): Deferred tax assets as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Property plant and equipment	(1,759)	(2,107)	(1,345)	(1,504)	19.8%	(36.2)%	11.8%
Tax losses carried forward	2,118	2,400	1,647	1,645	13.3%	(31.4)%	(0.1)%
Employees' benefits	62	79	48	48	27.4%	(39.2)%	-
Trade receivables and inventories	16	18	10	10	12.5%	(44.4)%	-
Others	9	9	5	4	-	(44.4)%	(20.0)%
Total	446	399	365	203	(10.5)%	(8.5)%	(44.4)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Deferred tax assets have been recognized by the Company in the statement of financial position and temporary differences in the tax treatment of property, plant and equipment, employee benefits, impairment loss allowance, and provision for obsolete inventory.

Deferred tax assets decreased from SAR 445.9 million as at 31 December 2018G to SAR 399.1 million primarily due to the impact of the timing difference of depreciation (attributable to commercial operations of the Expansion Facility). It further decreased to SAR 364.9 million as at 31 December 2020G primarily due to the change in the tax status of Saudi Aramco from a tax base to a zakat base. Deferred tax assets further decreased to SAR 203.3 million as at 30 September 2021G as the Company achieved profits during YTD-Sep21G.

6.7.2.3 Current liabilities

The following table compares the Company's total current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.36): Current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Trade and other payables	10,163	9,402	7,690	11,215	(7.5)%	(18.2)%	45.8%
Accruals and other liabilities	1,426	1,157	1,044	958	(18.9)%	(9.8)%	(8.2)%
Zakat and income tax payable	273	15	-	15	(94.5)%	(100.0)%	100.0%
Current portion of loans, borrowings and other long-term liabilities	13,007	16,817	0,884	9,146	29.3%	(35.3)%	(16.0)%
Current maturity of lease liabilities	20	555	567	589	2675.0%	2.2%	3.9%
Total current liabilities	24,889	27,946	20,185	21,923	12.3%	(27.8)%	8.6%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Note: Liabilities against capital leases and loans, borrowings and other long-term liabilities are covered in total under non-current liabilities.

6.7.2.3.1 Trade and other payables

The following table compares the Company's total trade and other payables as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.37): Trade and other payables as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Related parties	8,838	8,250	6,338	9,998	(6.7)%	(23.2)%	57.7%
Others	1,260	1,077	1,277	1,129	(14.5)%	18.6%	(11.6)%
Trade payables	10,098	9,327	7,615	11,127	(7.6)%	(18.4)%	46.1%
Other payables – related parties	65	75	75	88	15.4%	-	17.3%
Total	10,163	9,402	7,690	11,215	(7.5)%	(18.2)%	45.8%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Trade and other payables were mainly comprised of related party trade payables, other trade payables and other related party payables (non-trade).

Related party trade payables were mainly comprised of Saudi Aramco payables for the purchase of crude oil, ethane and butane (i.e. feedstock) and Sumitomo Chemical payables (for purchase of materials). The key terms for purchase of feedstock are stipulated in the Company's feedstock supply agreements with relevant counterparties.

Related party trade payables increased from SAR 8,837.6 million as at 31 December 2018G to SAR 9,997.6 million as at 30 September 2021G mainly driven by the increase in payables from Saudi Aramco and Sumitomo Chemical mainly driven by an increase in average crude oil purchase prices in response to the improvement in global economic conditions post the severe pandemic.

Other trade payables were mainly related to the purchase of additives, chemicals, and other materials from third party domestic and international suppliers.

Other payables – related parties were mainly comprised of secondees' related payroll costs.

6.7.2.3.2 Accruals and other liabilities

The following table compares the Company's total accruals and other current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.38): Accruals and other current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Due to related parties	230	198	289	152	(13.9)%	46.0%	(47.4)%
Accrued bonus	72	108	125	56	50.0%	15.7%	(55.2)%
Customer advances	14	10	19	15	(28.6)%	90.0%	(21.1)%
Accrued expenses	147	101	9	3	(31.3)%	(91.1)%	(66.7)%
Dividend payable	1	1	1	1	-	-	-
Accrued customer rebates	46	31	42	-	(32.6)%	35.5%	(100.0)%
Others	916	707	559	731	(22.8)%	(20.9)%	30.8%
Total	1,426	1,156	1,044	958	(18.9)%	(9.7)%	(8.2)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Due to related parties consisted of deductibles (insurance, freight, logistics, etc.) payable to related parties, in addition to the current portion of end of service benefits for the seconded employees from Saudi Aramco and Sumitomo Chemical.

Due to related parties decreased from SAR 229.8 million as at 31 December 2018G to SAR 198.2 million as at 31 December 2019G mainly driven by a decrease in deductible provisions during the year. Due to related parties increased to SAR 289.1 million as at 31 December 2020G following the increase in deductibles and an advance from a related party. Subsequently, due to related parties decreased to SAR 151.7 million as at 30 September 2021G due to a decrease in deductibles and the settlement of the related party advance. The decrease was partially offset by an increase in accrued customer rebates amounting to SAR 55.6 million which have been reclassified under due to related parties during September 2021G.

Accrued bonus related to accruals made in accordance with the Company approved bonus policy.

Accrued bonus increased from SAR 71.6 million as at 31 December 2018G to SAR 108.3 million as at 31 December 2019G due to higher bonuses being offered to staff on the commencement of operation of the Expansion Facility. Accrued bonus increased to SAR 124.9 million as at 31 December 2020G primarily due to the early termination package offered to some employees by the Company in December 2020G and it decreased to SAR 56.0 million as at 30 September 2021G due to pay-out of the termination package in January 2021G.

Customer advances mainly related to advance payments received from third-party customers for petrochemical products. Many of the Company's third-party customers are required make payments in advance before delivery of products as stipulated in the agreements.

Customer advances decreased from SAR 13.7 million as at 31 December 2018G to SAR 10.4 million as at 31 December 2019G, with the cessation of third party domestic sales of petrochemicals by the Company and routing them to a new marketer, Aramco Chemicals Company, effective from 2019G. Customer advances increased to SAR 18.6 million as at 31 December 2020G mainly driven by advances from two of the Company's customers during the year. Subsequently, customer advances decreased to SAR 14.6 million due to the settlement of the obligation relating to advances received in 2019G, partially offset by a new advance to one of the Company's customers which was received during the year.

Accrued expenses mainly comprised of accrued expenses for engineering procurement and construction contracts related to the Expansion Facilities. Accrued expenses decreased from SAR 147.3 million as at 31 December 2018G to SAR 101.5 million, SAR 9.3 million and SAR 3.5 million as at 31 December 2019G, 31 December 2020G and 30 September 2021G, respectively, due to the decrease in accrued expenses related to the Expansion Facilities.

Dividend payable represents the remaining unpaid portion of the Company's declared dividends for 2017G, which amounted to SAR 438 million (SAR 0.5 per share) out of which SAR 1 million was payable as at 30 September 2021G.

Accrued customer rebates represent rebates on petrochemical products offered to third party customers as an incentive based on agreed contract terms (e.g. annual quantity and rebate rates), calculated as a percentage of petrochemical product sales.

Accrued customer rebates decreased from SAR 46.3 million as at 31 December 2018G to SAR 30.5 million as at 31 December 2019G due to the fact that, effective from the year ended 2019G, a new marketer, Aramco Chemicals Company, commenced lifting the Company's domestic sales volume of petrochemicals and old rebates were settled with individual customers. Accrued rebates increased to SAR 42.0 million as at 31 December 2020G due to higher volumes of domestic petrochemical sales to third parties via Aramco Chemicals Company and subsequently decreased to zero due to the Company reclassifying the accrued customer rebates under due to related parties.

Others amounted to SAR 731.4 million at 30 September 2021G and mainly comprised of VAT payable amounting to SAR 699.5 million. Others decreased from SAR 916.2 million as at 31 December 2018G to SAR 706.9 million and SAR 559.3 million as at 31 December 2019G and 2020G respectively, driven by the decrease in output VAT payable due to differences in the timing of refunds from ZATCA and in-line with the decrease in sales over the period. Subsequently, others increased to SAR 731.4 million as at 30 September 2021G mainly due to an increase in the output VAT payable balance in-line with the increase in total sales during the period and increase in the VAT rate from 5% to 15%.

6.7.2.3.3 Zakat and income tax payable

The following table compares the Company's Zakat and income tax payable as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.39): Zakat and income tax payable movement as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Balance at the beginning of the period	308	273	15	-	(11.4)%	(94.5)%	(100.0)%
Provision for the period	273	15	-	15	(94.5)%	(100.0)%	100.0%
Prior period adjustment	7	153	3	-	2085.7%	(98.0)%	(100.0)%
Paid during the period	(315)	(426)	(18)	-	35.2%	(95.8)%	(100.0)%
Balance at the end of the period	273	15	-	15	(94.5)%	(100.0)%	100.0%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Zakat and income tax payable decreased from SAR 273.5 million at 31 December 2018G to SAR 15.2 million at 31 December 2019G due to the payment made in 2019G towards the Zakat and tax return of 2018G (SAR 273 million) and the prior year adjustment (SAR 153 million) relating to additional charges. Zakat and income tax payable decreased to SAR zero as at 31 December 2020G resulting from the payment of the full outstanding balance as at 31 December 2019G. The balance as at 30 September 2021G represents the YTD 9 months' charge of Zakat amounting to SAR 10.1 million and tax amounting to SAR 5.1 million.



6.7.2.4 Non-current liabilities

The following table compares the Company's total non-current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.40): Non-current liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Loans, borrowings and other long-term liabilities	27,688	23,638	32,328	31,412	(14.6)%	36.8%	(2.8)%
Lease liabilities	464	11,751	1,199	10,768	2432.5%	(4.7)%	(3.8)%
Employee benefits	510	653	778	802	28.0%	19.1%	3.1%
Total non-current liabilities	28,662	36,042	44,305	42,982	25.7%	22.9%	(3.0)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

6.7.2.5 Loans, borrowings and other long-term liabilities (current and non-current portions)

The following table compares the Company's total loans, borrowings and other long-term liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.41): Loans, borrowings and other long-term liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Non-current portion	27,688	23,638	32,328	31,412	(14.6)%	36.8%	(2.8)%
Current portion	13,007	16,817	10,884	9,146	29.3%	(35.3)%	(16.0)%
Total	40,695	40,455	43,212	40,558	(0.6)%	6.8%	(6.1)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Note: Loans, borrowings and other long-term liabilities are presented including current and non-current portions.

Loans, borrowings and other long-term liabilities were utilized to finance the development, design and construction of the Initial Facilities and Expansion Facilities and for working capital requirements.

The long-term loans balance increased from SAR 27,688.0 million as at 31 December 2018G to SAR 31,411.5 million as at 30 September 2021G mainly due to reclassification of the EBLs from current as at 31 December 2018G to non-current as at 30 September 2021G in line with the terms of extension agreement, and addition of SIDF loan balance as at 30 September 2021G amounting to SAR 3,191 million. These increases were partially offset by repayments relating to senior loans and borrowings related to the Initial and Expansion facilities.

A portion of proceeds from this Offering will be used to settle shareholder subordinate loans, associated accrued interest and part of the Equity Bridge Loan balances. For further details, refer to the "Use of Proceeds" section.

Table (6.42): Loans, borrowings and other long-term liabilities by type as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Senior loans and borrowings	26,186	22,129	14,553	13,215	(15.5)%	(34.2)%	(9.2)%
Equity Bridge Loans	8,888	11,250	11,250	11,250	26.6%	-	-
Loans and facilities from Founding Shareholders and their affiliates	5,556	5,751	12,634	12,731	3.5%	119.7%	0.8%
Loan from SIDF	-	-	3,296	3,326	-	100.0%	0.9%
Working capital facilities	-	1,294	1,133	-	100.0%	(12.4)%	(100.0)%
Others	66	31	346	36	(53.0)%	1016.1%	(89.6)%
Total	40,696	40,455	43,212	40,558	(0.6)%	6.8%	(6.1)%

Source: Company information.

The Company has entered into various loan facility agreements with commercial banks and financial institutions in order to finance the cost of the Initial Facilities and the Expansion Facilities.

Senior loans and borrowings amounted to SAR 13,214.6 million at 30 September 2021G and comprised of the Phase 1 Financing Facilities and the Phase 2 Financing Facilities. The terms of these loans include financial and operational covenants set out in the financing documents that relate to the Phase 1 Financing Facilities and the Phase 2 Financing Facilities. The loans are secured by property, plant and equipment, cash and cash equivalents and time deposits with a carrying value of SAR 44,528 million and SAR 1,061 million, respectively, as at 30 September 2021G.

SIDF loan: The Company entered into a loan agreement with SIDF to replace a portion of the Phase 2 Financing Facilities. The loan amounts to SAR 3,600 million and is fully utilized as at 30 September 2021G. The loan facility is secured by a mortgage on property, plant and equipment of the Company amounting to SAR 7,200 million. The loan balance as at 30 September 2021G amounted to SAR 3,325.6 million.

Equity Bridge Loans amounted to SAR 11,250.0 million as at 30 September 2021G and were used to partially finance the Expansion Facilities, guaranteed by the Founding Shareholders. The Equity Bridge Loans were scheduled to mature on 1 July 2019G, however, during the year ended 30 December 2020G, the final maturity of the loans was extended to 1 October 2022G.

Loans and facilities from Founding Shareholders and their affiliates amounted to SAR 12,731.3 million as at 30 September 2021G. This included subordinated loans for the development, design, construction and operation of the Initial Facilities and subordinated working capital facilities. The subordinated share holder loan in respect of the Initial Facilities is payable on demand, but subject to satisfying certain conditions mandated by the terms of the Phase 1 Financing Facilities and the Phase 2 Financing Facilities. The loans are secured by a promissory note issued by the Company in favour of each Founding Shareholder equivalent to the drawdown amount.

Working capital facilities During YTD-Sep21G, drawdowns and repayments amounting to SAR 9,811 million and SAR 10,942 million, respectively, have been made by the Company with a closing balance of zero as at 30 September 2021G.

Others amounted to SAR 36.1 million as at 30 September 2021G and were comprised of withholding tax on accumulated interest relating to Sumitomo Chemical in accordance with Saudi Arabian Income Tax Law.



The following table summarizes the Company's repayment schedule as at 30 September 2021G.

Table (6.43): Loan repayment schedule as at 30 September 2021G

SAR in millions	Senior loans		Equity bridge loan	Total
	Phase 1 Financing Facilities	Phase 2 Financing Facilities		
2021G	774	525	-	1,299
2022G	-	1,397	11,250	12,647
2023G	-	1,305	-	1,305
2024G	-	1,497	-	1,497
2025G	-	1,391	-	1,391
2026G	-	1,628	-	1,628
2027G	-	1,536	-	1,536
2028G	-	1,791	-	1,791
2029G	-	1,683	-	1,683
2030G	-	1,896	-	1,896
2031G	-	996	-	996
2032G	-	320	-	320
Total	774	15,965	11,250	27,989

Source: Company information.

Table (6.44): Key terms of loans for development of the Initial Facilities

Loans	JBIC	PIF
Facility amount	SAR 9,375 M (denominated in USD)	SAR 3,750 M (denominated in USD)
Currency	USD	USD
Date obtained	March 2006	March 2006
Charges	LIBOR + margin	LIBOR + margin
Maturity	December 2021	December 2021
Payment terms	Semi-annual	Semi-annual
Guarantee	Security in addition to promissory notes	Security

Source: Company information.

Table (6.45): Key terms of loans for the development of the Expansion Facilities

Loans	JBIC	Commercial bank Lenders	PIF	Equity bridge loan
Facility amount	SAR 7,492 M (denominated in USD)	SAR 3,506 M (denominated in USD)	SAR 4,875 M (denominated in USD)	SAR 11.25 bn (denominated in USD)
Currency	USD	USD	USD	USD
Date obtained	March 2015	March 2015	March 2015	March 2015
Charges	LIBOR + margin	LIBOR + margin	LIBOR + margin	LIBOR + margin
Maturity	June 2031	June 2031	June 2031	October 2022
Payment terms	Semi-annual	Semi-annual	Semi-annual	Lump sum
Security	Security in addition to promissory notes	Security in addition to promissory notes	Security	Security

Source: Company information.



Table (6.46): Key terms of loans for the development of the Expansion Facilities (cont'd)

Loans	Procurement loan (USD)	SIDF
Facility amount	SAR 0.926 bn (denominated in USD)	SAR 3,600 M (denominated in SAR)
Currency	USD	SAR
Date obtained	March 2015	December 2019
Charges	LIBOR + margin	Margin
Maturity	June 2031	January 2032
Payment terms	Semi-annual	Semi-annual
Security	Promissory notes	Mortgage Note in addition to Order Note

Source: Company information.

The applicable margins for the Company's LIBOR-based loans range from 0.465% to 1.65%.

6.7.2.5.1 Lease liabilities (current and non-current portions)

The following table presents the Company's total lease liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.47): Lease liabilities as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Current portion	20	555	567	589	2675.0%	2.2%	3.9%
Non-current portion	464	11,751	11,199	10,768	2432.5%	(4.7)%	(3.8)%
Total	484	12,306	11,766	11,357	2442.6%	(4.4)%	(3.5)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Note: Liabilities against capital lease are presented including current and non-current portions.

The following table compares the Company's total lease liabilities by type as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.48): Lease liabilities by type as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Land, buildings and infrastructure	429	1,129	1,108	1,095	163.2%	(1.9)%	(1.2)%
Plant and machinery	55	11,118	10,607	10,217	20114.5%	(4.6)%	(3.7)%
Vehicles	-	60	51	44	100.0%	(15.0)%	(13.7)%
Total	484	12,307	11,766	11,356	2442.8%	(4.4)%	(3.5)%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Lease liabilities represent the Company's obligations in connection with right-of-use assets. These balances represent the present value of minimum lease payments. Lease payments are split between finance charges and reduction of the lease liability to achieve constant rate of interest on the remaining balance of the liability.

Lease liabilities increased from SAR 483.2 million as at 31 December 2018G to SAR 11,356.5 million as at 30 September 2021G resulting from the adoption of IFRS 16 – Leases effective from 1 January 2019G. As at the date of initial application of IFRS 16 (effective 1 January 2019G), the Company recognized additional lease liabilities against the right-of-use assets amounting to SAR 12,345 million.

6.7.2.5.2 Employee benefits

The following table compares the Company's total employee benefits as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.49): Employee benefits as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
End of service benefits	413	525	645	642	27.1%	22.9%	(0.5)%
Employee share ownership plan	6	5	5	5	(16.7)%	-	-
Employees' saving program	116	140	166	165	20.7%	18.6%	(0.6)%
Current portion	(25)	(17)	(38)	(10)	(32.0)%	123.5%	(73.7)%
Total	510	653	778	802	28.0%	19.1%	3.1%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Employee benefits comprised end of service benefits, employee share ownership plan and employee saving program. Employee benefits increased from SAR 509.5 million as at 31 December 2018G to SAR 653.5 million as at 31 December 2019G. Employee benefits further increased to SAR 778.4 million as at 31 December 2020G and SAR 802.7 million as at 30 September 2021G in view of external actuarial valuation of the end-of-service benefits in accordance with IAS 19R requirements. Prior to IFRS adoption, the Company recognized and accounted for end of service benefits as the current value of vested benefits to which the employee is entitled.

End of service benefits amounted to SAR 642.5 million as at 30 September 2021G. The Company has a post-employment defined benefit plan for its own employees. The benefits are required by Saudi Arabian Labour and Workman Law. End of service benefits increased in view of external actuarial valuation of the end of service benefits in accordance with IAS 19R requirements.

Employee share ownership plan amounted to SAR 4.5 million as at 30 September 2021G. The ESOP shares are held by the bank in trust for the staff that will become eligible under the plan.

Employees' saving program amounted to SAR 164.6 million as at 30 September 2021G. The Company operates a thrift savings program for its employees and matches the employee's contribution, in accordance with the program guidelines, which corresponds to the employees' participation seniority in the program.

6.7.2.6 Shareholders' equity

The following table compares the Company's total shareholders' equity as at 31 December 2018G, 2019G and 2020G and 30 September 2021G.

Table (6.50): Shareholders' equity as at 31 December 2018G, 2019G and 2020G and 30 September 2021G

SAR in millions	31 December			30 September	Variance		
	2018G	2019G	2020G	2021G	'18-'19	'19-'20	'20-'21
Capital	8,760	8,760	8,760	8,760	-	-	-
Statutory reserve	249	252	252	252	1.2%	-	-
Employee share ownership plan	(6)	(5)	(5)	(5)	(16.7)%	-	-
Retained earnings (accumulated deficit)	1,539	1,034	(2,804)	(1,204)	(32.8)%	(371.2)%	(57.1)%
Total	10,542	10,041	6,203	7,803	(4.8)%	(38.2)%	25.8%

Source: Audited financial statements for 2018G, 2019G and 2020G, unaudited interim financial statements for YTD-Sept21G and Company information.

Shareholders' equity decreased from SAR 10,542.0 million as at 31 December 2018G to SAR 7,802.5 million as at 30 September 2021G as a result of the decrease in retained earnings, driven by the Company's net losses accumulated during the Period Under Review. The Company's share capital as at 30 September 2021G was SAR 8,760 million, which consists of 876 million fully paid shares with SAR 10 per share. The Founding Shareholders of the Company are Saudi Aramco and Sumitomo Chemical, each holding 37.5% of the shares.

The economic impact of the COVID-19 pandemic adversely affected the Company's financial performance for the year ended 31 December 2020G, as it resulted in lowering refinery products margins and negatively impacted demand for jet fuel. Further, the Company's refinery and petrochemical integrated complex was under planned total shutdown for periodic testing and inspection for 60 days during the year ended 31 December 2020G. The Company's financial performance has improved during 2021G as a result of improved margin on petrochemical products due to improvement in market conditions and the gradual recovery of the global economy from the impact of COVID-19 pandemic in addition to the stability in the operations of the complex.

In accordance with Regulations for Companies in Saudi Arabia and the Company's articles of association, the Company is required to transfer each year at least 10% of its net income, after absorbing accumulated deficit, to a statutory reserve until such reserve equals 50% of its share capital. This reserve is not available for dividend distribution to shareholders. The capital restructuring aims to optimize and improve the Company's financial position and enhance its equity cushion by increasing its share capital and reducing its long-term liabilities.

6.7.2.7 Contingency and Commitments

Contingency

The ZATCA had issued assessments for the years 2009G up to 2010G by raising additional Zakat, tax and delay fine demand of SAR 43.3 million and SAR 0.2 million, respectively. The Company had filed an appeal with the Higher Appeal Committee, now replaced by the Higher Committee of Tax for Conflict and Disputes ("HCTCD"), for the years 2009G and 2010G and submitted a bank guarantee amounting to SAR 43.5 million. During the period ended 30 September 2021G, TVDAC issued its decision reducing the additional Tax and Zakat demand to SAR 31.4 million and SAR zero respectively, which the Company has objected and requested TVDAC for reconsideration of their decision.

The ZATCA had also issued assessments for the years 2017G and 2018G by raising additional Zakat and tax demand of SAR 100.7 million and SAR 10.5 million respectively. The Company has filed an objection with ZATCA for the years 2017G and 2018G. During the period ended 30 September 2021G, ZATCA issued reassessments while upholding its position at the time of assessment. The Company had filed an appeal against the reassessment decision with General Secretariat of Tax Committees ("GSTC")

The management expects a favourable outcome against the aforementioned additional demands. If any additional Zakat and tax arises on finalization of the aforementioned additional demands, it is recoverable to the extent of SAR 18.8 million and SAR 0.7 million respectively from the founding shareholders of the Company.

Commitments

- 1- As at 30 September 2021G, bank guarantees and letters of credit had been issued on behalf of the Company amounting to SAR 1,600 million (31 December 2020G: SAR 3,030 million).
- 2- As at 30 September 2021G, capital commitments contracted but yet incurred as of 30 September 2021G amounted to SAR 68.1 million (31 December 2020G: SAR 105 million).

Table (6.51): Present value of Minimum Lease Payments as at 31 December 2020G and 30 September 2021G

SAR in millions	31 December	30 September
	2020G	2021G
Less than one year	567	589
Between two to five years	2,404	2,440
More than five years	8,795	8,327
Total	11,766	11,356

Source: Audited financial statements for 2020G and unaudited interim financial statements for YTD-Sept21G.



6.7.3 Cash flow statements

The following table presents the Company's cash flow statements as at 31 December 2018G, 2019G and 2020G.

Table (6.52): Cash flow statements for 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	Variance	
				'18-'19	'19-'20
Cash flows from operating activities					
Profit (loss) before Zakat and income tax	853	(319)	(3,739)	(137.4)%	1072.1%
Adjustments for non-cash items					
Depreciation	2,420	2,369	3,114	(2.1)%	31.4%
Financial charges	466	1,022	1,505	119.3%	47.3%
Financial income	(303)	(264)	(202)	(12.9)%	(23.5)%
Amortization	13	23	80	76.9%	247.8%
Provision for slow moving inventories	22	8	18	(63.6)%	125.0%
Impairment loss on receivables	-	3	-	100.0%	(100.0)%
Loss on disposal of property and equipment	22	1	5	(95.5)%	400.0%
	3,493	2,843	781	(18.6)%	(72.5)%
Changes in working capital					
Trade receivables	(263)	640	1,374	(343.3)%	114.7%
Inventories	(208)	(207)	317	(0.5)%	(253.1)%
Prepayments and other receivables	(906)	199	1,020	(122.0)%	412.6%
Trade and other payables	1,350	(320)	(1,253)	(123.7)%	291.6%
Accrued expenses and other liabilities	668	(372)	(128)	(155.7)%	(65.6)%
Employees benefits	77	75	63	(2.6)%	(16.0)%
	4,211	2,858	2,174	(32.1)%	(23.9)%
Zakat and income tax paid	(315)	(426)	(18)	35.2%	(95.8)%
Interest received	282	233	186	(17.4)%	(20.2)%
Interest paid	(235)	(836)	(1,398)	255.7%	67.2%
Net cash generated from operating activities	3,943	1,829	944	(53.6)%	(48.4)%
Cash flows from investing activities					
Purchase of property, plant and equipment	(2,928)	(3,439)	(2,349)	17.5%	(31.7)%
Additions to intangible assets	(1)	-	-	(100.0)%	-
Net movement in time deposits	(176)	1,656	-	(1040.9)%	(100.0)%
Net movement in long-term loans	(220)	(32)	13	(85.5)%	(140.6)%
Net cash used in investing activities	(3,325)	(1,815)	(2,336)	(45.4)%	28.7%
Cash flows from financing activities					
Proceeds from loans and borrowings	3,288	15,439	17,879	369.6%	15.8%
Repayments of loans and borrowings	(3,316)	(15,862)	(15,229)	378.3%	(4.0)%
Repayment of finance leases	(47)	(538)	(558)	1044.7%	3.7%
Dividend paid	(437)	-	-	(100.0)%	-
Net cash used in financing activities	(512)	(961)	2,092	87.7%	(317.7)%
Net increase / (decrease) in cash and cash equivalents	106	(947)	700	(993.4)%	(173.9)%
Cash and cash equivalents at the beginning of the year	1,158	1,264	316	9.2%	(75.0)%
Cash and cash equivalents at the end of the year	1,264	317	1,016	(74.9)%	220.5%

Source: Audited financial statements for the years 2018G, 2019G and 2020G and Company information.

The following table presents the Company's selected cash flow data as at 31 December 2018G, 2019G and 2020G.

Table (6.53): Selected cash flow data for 2018G, 2019G and 2020G

SAR in millions	2018G	2019G	2020G	Variance	
				'18-'19	'19-'20
Net cash from operating activities	3,943	1,829	944	(53.6)%	(48.4)%
Net cash used in investing activities	(3,325)	(1,815)	(2,336)	(45.4)%	28.7%
Net cash from (used in) financing activities	(512)	(961)	2,092	87.7%	(317.7)%
Net change in cash and cash equivalents	106	(947)	700	(993.4)%	(173.9)%
Cash and cash equivalent at the beginning of the year	1,158	1,264	316	9.2%	(75.0)%
Cash and cash equivalent at the end of the year	1,264	317	1,016	(74.9)%	220.5%

Source: Audited financial statements for the years 2018G, 2019G and 2020G and Company information.

Net cash from operating activities decreased from SAR 3,943.5 million in 2018G to SAR 1,828.8 million in 2019G mainly driven by (i) an decrease in net income before Zakat and income tax, (ii) a decrease in trade and other receivables, (iii) an increase in financial charges, working capital and other financing, interest on shareholder loans, interest on capital leases and interest on bank loans for project financing and (iv) a decrease in payables due to the decrease in most payable categories except other payables which increased during the period.

Net cash used in investing activities amounted to SAR (3,325.1) million in 2018G, SAR (1,815.3) million in 2019G and SAR (2,335.7) million in 2020G mainly driven by capital expenditure related to the Expansion Facilities, additions to property and equipment and loans extended to IWSP for the Expansion Facilities.

Net cash from (used in) financing activities in 2018G, 2019G and 2020G amounted to SAR (512.9) million, SAR (961.0) million and SAR 2,091.8 million, respectively, and were principally related to loan proceeds and repayments, repayments of lease liabilities and dividends paid in the year 2018G.

The following table presents the Company's cash flow statements for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.54): Cash flow statement for the nine-month periods ended 30 September 2020G and 30 September 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Variance
			'20-'21
Cash flows from operating activities			
Profit (loss) before Zakat and income tax	(3,824)	1,765	(146.2)%
Adjustments for non-cash items			
Depreciation	2,303	2,366	2.7%
Financial charges	1,213	821	(32.3)%
Financial income	(154)	(133)	(13.6)%
Amortization	60	61	1.7%
Provision for slow moving inventories	14	5	(64.3)%
Loss on disposal of property and equipment	-	4	100%
	(388)	4,889	(1360.1)%
Changes in working capital			
Trade receivables	1,684	(3,296)	(295.7)%
Inventories	425	(1,044)	(345.6)%

SAR in millions	YTD-Sept20G	YTD-Sept21G	Variance
			'20-'21
Prepayments and other receivables	939	(265)	(128.2)%
Trade and other payables	4,214	3,879	(7.9)%
Accrued expenses and other liabilities	(228)	(127)	(44.3)%
Employees benefits	62	24	(61.3)%
	6,708	4,060	(39.5)%
Zakat and income tax paid	(18)	-	(100.0)%
Interest received	138	119	(13.8)%
Interest paid	(912)	(596)	(34.6)%
Net cash generated from operating activities	5,916	3,583	(39.4)%
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,181)	(331)	(84.8)%
Net movement in long-term loans	5	62	1140.0%
Net cash used in investing activities	(2,176)	(269)	(87.6)%
Cash flows from financing activities			
Proceeds from loans and borrowings	3,976	9,811	146.8%
Repayments of loans and borrowings	(6,433)	(12,659)	96.8%
Repayment of finance leases	(412)	(421)	2.2%
Net cash used in financing activities	(2,869)	(3,269)	13.9%
Net increase in cash and cash equivalents	871	45	(94.8)%
Cash and cash equivalents at the beginning of the year	316	1,016	221.5%
Cash and cash equivalents at the end of the year	1,187	1,061	(10.6)%

Source: Financial statements for the nine-month periods YTD-Sept20G and YTD-Sept21G and Company information.

The following table presents the Company's selected cash flow data for the nine-month periods ended 30 September 2020G and 2021G.

Table (6.55): Selected cash flow data for the nine-month periods ended 30 September 2020G and 30 September 2021G

SAR in millions	YTD-Sept20G	YTD-Sept21G	Variance
			'20-'21
Net cash from operating activities	5,916	3,583	(39.4)%
Net cash used in investing activities	(2,176)	(269)	(87.6)%
Net cash from financing activities	(2,869)	(3,269)	13.9%
Net change in cash and cash equivalent	871	45	(94.8)%
Cash and cash equivalent at the beginning of the period	316	1,016	221.5%
Cash and cash equivalent at the end of the period	1,187	1,060	(10.7)%

Source: Financial statements for the nine-month periods YTD-Sept20G and YTD-Sept21G and Company information.

Net cash from operating activities decreased by 39.4% from SAR 5,916.2 million in YTD-Sept20G to SAR 3,583.4 million in YTD-Sept21G primarily driven by (i) an increase in Zakat and income tax paid during YTD-Sept21G as compared to YTD-Sept20G (ii) decreases in inventory working capital movements and (iii) a decrease in trade receivables, prepayments and other receivables movement resulting from increases in VAT receivables, advances to suppliers, prepayments and deposits and other receivables.



Net cash used in investing activities decreased by 87.6% from SAR 2,175.9 million in YTD-Sept20G to SAR 268.9 million in YTD-Sept21G mainly driven by a significant decrease in capital expenditures. This decrease is primarily attributable to completion of the planned periodic T&I that occurred during 2020G. This was partially offset by an increase in the net movement of long-term loans.

Net cash from financing activities increased by 13.9% from SAR 2,869.4 million in YTD-Sept20G to SAR 3,269.7 million in YTD-Sept21G primarily due to an increase in the amount of loan repayments, partially offset by an increase in proceeds from loans and borrowings.

6.7.4 Financing structure

The following table presents the capitalisation of the Company as derived from its audited financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G and the interim unaudited financial statements for the nine-month period ended 30 September 2021G, noting that the table should be read in conjunction with the relevant financial statements, including the notes thereto set out in Section 18 "Financial Statements and Chartered Accountants Report" of this Prospectus.

Table (6.56): Capitalization and Indebtedness of the Company for the financial years ended 31 December 2018G, 2019G and 2020G and for the nine-month period ended 30 September 2021G

SAR in millions	2018G	2019G	2020G	YTD – 30 September 2021G
Non-current portion of loans	27,688	23,638	32,328	31,412
Current portion of loans	13,007	16,817	10,884	9,146
Total loans	40,695	40,455	43,212	40,558
Current portion of lease liabilities	20	555	567	589
Non-current portion of lease liabilities	464	11,751	11,199	10,768
Total lease liabilities	484	12,306	11,766	11,357
Shareholder's equity				
Capital	8,760	8,760	8,760	8,760
Statutory reserve	249	252	252	252
Employee share ownership plan	(6)	(5)	(5)	(5)
Retained earnings (accumulated deficit)	1,539	1,034	(2,804)	(1,204)
Total equity	10,542	10,041	6,203	7,803
Total capitalization (total loans and lease liabilities + total equity)	51,721	62,802	61,181	59,718
Total loans and lease liabilities / total capitalization	79.6%	84.0%	89.9%	86.9%

Source: Company information.



7. USE OF PROCEEDS

7.1 Net Offering Proceeds

The gross Offering proceeds are expected to be (SAR 7,950,000,000). The net Offering proceeds are expected to be (SAR 7,890,000,000) after the deduction of the Offering Expenses, which are estimated to be (SAR 60,000,000). The Offering Expenses include the fees of the Financial Advisor and Lead Manager, the Underwriters, the Legal Advisor, the Underwriters' legal advisor, the Market Advisor and other advisors, in addition to printing and distribution expenses and any other expenses or charges relating to the Offering. The Offering Expenses are estimated and not final.

7.2 Use of Offering Proceeds

The net Offering proceeds will be used to repay the Rabigh 1 Shareholder Loan Agreement by capitalizing the amounts due to the Founding Shareholders under such agreement, and towards the partial repayment of the Equity Bridge Loans.

The Company will immediately make a public announcement on Tadawul in the event that the actual use of the Offering proceeds varies by 5% or more from what is disclosed in this Prospectus.

A summary of the use of Offering proceeds is set out in the table below.

Table (7.1): Use of Offering Proceeds

Description	Amount (SAR)	Percentage of total Offering Proceeds	Expected usage date
Repayment of the loan from the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement through the capitalization of the amounts due to the Founding Shareholders	5,962,500,000	75%	June 2022G
Partial repayment of the Equity Bridge Loans	1,927,500,000	24.2%	October 2022G
Offering Expenses	60,000,000	0.8%	June 2022G
Gross Offering Proceeds	7,950,000,000	100%	-

7.2.1 Rabigh 1 Shareholder Loan Agreement

The Rabigh 1 Shareholder Loan Agreement was entered into on 18/03/2006G between the Company and the Founding Shareholders as creditors. As of 30/09/2021G, the total principal amount under the Rabigh 1 Shareholder Loan Agreement amounts to SAR 4,575,000,000 (equivalent to USD 1,220,000,000), and the accrued interest amounts to SAR 1,387,500,000 (equivalent to USD 370,000,000). For more details on the Rabigh 1 Shareholder Loan Agreement, please refer to Section (10.3.17) ("Rabigh 1 Shareholder Loan Agreement").

The Company will use 75% of the Offering proceeds, which amount to SAR 5,962,500,000, to repay the entire original principal amount of SAR 4,575,000,000 and accrued interest amounting to SAR 1,387,500,000 under the Rabigh 1 Shareholder Loan Agreement. This will reduce the total liabilities of the Company, and accrued interest, under the Rabigh 1 Shareholder Loan Agreement.

7.2.2 The Equity Bridge Loans

On 16/03/2015G, the Company entered into the Saudi Aramco EBL with a number of financial institutions, including Sumitomo Mitsui Banking Corporation, guaranteed by Sumitomo Chemical, as amended and restated on 30/09/2020G. The total outstanding amount of the Saudi Aramco EBL is SAR 5,625,000,000 (equivalent to USD 1,500,000,000). For more details on this agreement, please refer to Section (10.3.10) ("Amended and Restated Saudi Aramco Equity Bridge Loan Agreement").

Further, on 16/03/2015G, the Company entered into the Sumitomo Chemical EBL with Sumitomo Mitsui Banking Corporation, guaranteed by Saudi Aramco, as amended and restated on 30/09/2020G. The total outstanding amount of the Sumitomo Chemical EBL is SAR 5,625,000,000 (equivalent to USD 1,500,000,000). For more details on this agreement, please refer to Section (10.3.9) ("Amended and Restated Sumitomo Chemical Equity Bridge Loan Agreement").



The Company will use 24.2452% of the Offering proceeds, which amount to SAR 1,927,500,000, to partially repay the amounts under Equity Bridge Loans. Following the partial repayment of the Equity Bridge Loans, the total amount due from the Company under the Equity Bridge Loans will be SAR 9,322,500,000.

7.2.3 Impact on the Capital Structure

The following table shows the expected change in capital structure at the debt and equity pre and post Rights Issue, calculated as at 30/09/2021G:

Table (7.2): Rights Issue impact on the capital structure

	Pre-Rights Issue		Post-Rights Issue	
	Debt	Equity	Debt*	Equity
As at 30 September 2021G				
Value in capital structure (SARm)	40,558	7,802	32,668	15,752
Percentage of capital structure (%)	83.9%	16.1%	67.5%	32.5%

* The EBL portion of debt reduced post-rights issue (approximately SAR 1.928 bn) will not be immediately effective after the Offering and will happen only after the Rights Issue proceeds are received and the loans are settled.

The above table assumes the following:

- debt includes short-term borrowings, long-term loans (including Equity Bridge Loans pre-rights issue), and other long-term liabilities; and
- equity includes shareholder equity.





8. STATEMENTS BY EXPERTS

The Company's advisors as listed in the Corporate Directory of this Prospectus have given their written approval to include their names, logos, and statements, where applicable, as set out in the ("**Corporate Directory**") section of this Prospectus. None of the aforementioned approvals were withdrawn as at the date of this Prospectus. The Market Advisor (an expert) does not have any shareholding or interest of any kind in the Company.





9. DECLARATIONS OF THE DIRECTORS

The Directors declare that:

- There has not been any interruption in the business of the Company which may have or has had a significant effect on the financial position in the last twelve (12) months that precede the date of this Prospectus.
- No commissions, discounts, brokerages or other non-cash compensation have been granted within the three years immediately preceding the application for registration and offer of securities that are the subject of this Prospectus in connection with the issue or offer of any securities by the Company.
- Except as disclosed in Section (2) ("**Risk Factors**"), there has not been any material adverse change in the financial or trading position of the Company in the three financial years preceding the application for registration and offer of securities that are subject to this Prospectus and during the period from the end of the period covered in the external auditor's report up to and including the date of approval of the Prospectus.
- Except as disclosed in Page (iv), they do not, or any of their Relatives, have any shareholding or interest of any kind in the Company.
- The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
- The issuance does not constitute a breach of any material contract or agreement entered into by the Company.
- All material legal issues concerning the Company have been disclosed in the Prospectus.
- Except as disclosed in Section (10.7) ("**Disputes**"), the Company is not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its financial position.
- The Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its financial position.
- Except the Shares held for the purpose of the employee share scheme, the Company does not own any treasury shares and the Company's extraordinary general assembly did not approve any share buy-back.



10. LEGAL INFORMATION

10.1 Government Licenses and Permits

The Company has obtained several regulatory and operational licenses and certificates from the competent authorities. Such licenses and certificates are renewed regularly. The following table lists the key licenses and certificates obtained by the Company.

Table (10.1): Company's Licenses

License/Certificate	License/Certificate Number	Issuance Date	Expiration Date	Issuing Entity	Comments
Operational Licenses					
Operational License (Temporary)	خ ص 6/	20/10/2020G (04/03/1442H)	19/10/2022G (24/03/1444H)	The Saudi Authority for Industrial Cities and Technology Zones (MODON)	This license is for the RPTP.
Foreign Investment License	11112905625	15/08/1426H (19/09/2005G)	14/05/1444H (08/12/2022G)	MISA	N/A
Industrial License	423102106712	25/01/1442H (12/09/2020G)	24/01/1445H (10/08/2023G)	Ministry of Industry and Mineral Resources	N/A
Commercial Licenses/Certificates					
Commercial Register	43020002161	15/08/1426H (18/09/2005G)	21/05/1444H (15/12/2022G)	Ministry of Commerce	N/A
COC Membership Certificate	10333	21/05/1439H (06/02/2018G)	21/05/1444H (14/12/2022G)	Jeddah Chamber	N/A
Zakat/VAT Certificates					
VAT Registration Certificate	3001534796 VAT No.: 300153469600003	21/02/1439H (10/11/2017G)	N/A	ZATCA	N/A
Zakat Certificate	1110227709	09/10/1443H (10/05/2022G)	10/10/1444H (30/04/2023G)	ZATCA	Certifying that the Company has submitted its statement for the year 2021.
Other certificates					
GOSI Certificate	46227515	15/10/1443H (16/05/2022G)	15/11/1443H (14/06/2022G)	GOSI	Certifying the Company is compliant with the Social Insurance Law.
Saudization Certificate	20002202028581	22/07/1443H (23/02/2022G)	22/10/1443H (23/05/2022G)	MHRSD	Certifying the Company is in compliance with the Saudization requirement. The Company will renew this certificate upon its expiration.
Nitaqat	Entity no. 9-86425-7	27/03/1443H (02/11/2021G)	-	MHRSD	Certifying the Company is in the Platinum level under Nitaqat.

10.2 Facility Agreements - Summary

10.2.1 Phase I and Phase II Financing Facilities

The Company entered into syndicated and bilateral senior loan agreements with commercial banks and financial institutions in relation to the Phase I Financing Facilities. These facilities have been utilized in full. The loans were repaid in full on 20 December 2021.

During the year ended December 21, 2015, the Company entered into additional syndicated and bilateral loan agreements with commercial banks and financial institutions in relation to the Phase II Financing Facilities. The full amount of these facilities (Saudi Riyals 30,630 million) has been utilized by the Company. The loans are repayable in semi-annual instalments from June 2019 until June 2031.

During December 2020, the Company prepaid a portion of the loans using the proceeds of a loan from SIDF.

The aforementioned loans are denominated in US Dollars and Saudi Riyals and bear financial charges based on prevailing market rates. The loan agreements include financial and operational covenants which govern, among other things, the testing of certain financial ratios on key milestones, making distribution payments to shareholders and incurring additional debt. The loans are secured by pledges over and assignments of rights, property, plant and equipment and cash and cash equivalents of the Company.

10.2.2 Loan from SIDF

During the year ended December 31, 2019, the Company entered into a loan agreement with SIDF to prepay a portion of the loans used to finance the Phase II Financing Facilities. The facility available under this loan agreement amounts to Saudi Riyals 3,600 million and was fully utilized on December 31, 2020. The loan is repayable in unequal semi-annual instalments commencing from November 2021 to January 2032. An upfront fee amounting to Saudi Riyals 288 million was deducted at the time of receipt of the loan and is amortized over the loan term. The loan also bears a follow up fee to be paid on a semi-annual basis. The loan has certain covenants, which among other things require certain financial ratios to be tested on 31 December of each financial year. The loan facility is secured by a mortgage over the property, plant and equipment comprising certain units within Phase II (Expansion Facilities) with a value of approximately Saudi Riyals 200,7 million. Under the loan facility, additional security consisting of an insurance endorsement and assignments of technology rights will also be granted in due course.

10.2.3 Working Capital Facilities (WCF) and Overdraft Facility from Local Banks

The Company has working capital facilities with Riyad Bank and SNB based on prevailing market rates and an overdraft facility with Riyad Bank based on prevailing market rates.

10.2.4 Loans and Facilities from Founding Shareholders and their Affiliates

Subordinated loans from the Founding Shareholders were granted to the Company pursuant to the Rabigh 1 Shareholder Loan Agreement. It is worth mentioning that the amounts due to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement will be repaid through the Founding Shareholders' subscription in all of their prorated share of the Offering, being five hundred ninety-six million two hundred fifty thousand (596,250,000) New Shares representing 75% of the Offering. An amount of (SAR 5,962,500,000) payable by the Company to the Founding Shareholders will be capitalized and used to repay the entire original principal amount of (SAR 4,575,000,000) and accrued interest amounting to (SAR 1,387,500,000) under the Rabigh 1 Shareholder Loan Agreement. This will reduce the total liabilities of the Company, and accrued interest under, the Rabigh 1 Shareholder Loan Agreement.

On 30 September 2020 the Company entered into a USD 750,000,000 (SAR 2,812,500,000) shareholder revolving loan agreement with Saudi Aramco as creditor and a USD 750,000,000 (SAR 2,812,500,000) shareholder revolving loan agreement with Sumika Finance Company Limited as creditor, a wholly owned subsidiary of Sumitomo Chemical, each based on prevailing market rates.

On 30 September 2020 the Company also entered into a USD 500,000,000 (SAR 1,875,000,000) shareholder revolving loan agreement with Saudi Aramco as creditor.

10.2.5 Letters of Credit

The Company has applied for and been granted letters of credit in connection with the Phase II Expansion Project from Banque Saudi Fransi, Riyad Bank and SNB in favour of Citibank N.A. to cover debt amounts owed by the Company, based on prevailing market rates.

10.2.6 Loan to RAWEC

On 28 March 2006, the Company granted a SAR 3.9 billion facility to Rabigh Arabian Water and Electricity Company (RAWEC) to fund the construction of the IWSPP. The facility agreement was amended and restated on 9 March 2015, to make an additional facility available to RAWEC in an amount of SAR 3.3 billion, to meet the requirements of the Phase II Expansion Project. These facilities have been utilized in full and were repaid in full on 30 December 2021.

10.2.7 Summary of Facilities

The list of the Company's facilities is set out in the table below and further summarized in section 10.3 below.

Table (10.2): Summary of Facilities

No	Name of Facility Document	Date of Original Entry	Total Commitments	Final Maturity	Outstanding Amount (principal) as of 31 December 2021
1.	Phase II Financing Facilities JBIC Agreement	16 March 2015	USD 1,988,000,000 (denominated currency is USD) (SAR 7,492,500,000)	20 June 2031	USD 1,542,028,428 (SAR 5,782,606,605)
2.	Phase II Financing Facilities Commercial Bank Facility Agreement	16 March 2015	USD 935,000,000 (denominated currency is USD) (SAR 3,506,250,000)	20 June 2031	USD 501,027,912 (SAR 1,878,854,668) (Partially repaid)
3.	Phase II Financing Facilities PIF Facility Agreement	16 March 2015	USD 1,300,000,000 (denominated currency is USD) (SAR 4,875,000,000)	20 June 2031	USD 1,003,340,000 (SAR 3,762,525,000)
4.	Phase II Financing Facilities Dollar Procurement Agreement	16 March 2015	USD 247,000,000 (denominated currency is USD) (SAR 926,250,000)	20 June 2031	USD 132,345,772 (SAR 496,296,645) (Partially repaid)
5.	Sumitomo Chemical Equity Bridge Loan Agreement (as amended and restated)	16 March 2015	USD 1,500,000,000 (denominated currency is USD) (SAR 5,625,000,000)	The earlier of (i) 1 October 2022; or (ii) the date of full repayment of the Sumitomo Chemical Equity Bridge Loan.	USD 1,500,000,000 (SAR 5,625,000,000)
6.	Saudi Aramco Equity Bridge Loan Agreement (as amended and restated)	16 March 2015	USD 1,500,000,000 (denominated currency is USD) (SAR 5,625,000,000)	The earlier of (i) 1 October 2022; or (ii) the date of full repayment of the Saudi Aramco Equity Bridge Loan.	USD 1,500,000,000 (SAR 5,625,000,000)
7.	SIDF Loan Agreement	25 December 2019	SAR 3,600,000,000	29 January 2032	SAR 3,520,000,000
8.	Riyad Bank WCF Credit Facilities Agreement	20 October 2020	SAR 562,500,000	20 October 2023	0.00



No	Name of Facility Document	Date of Original Entry	Total Commitments	Final Maturity	Outstanding Amount (principal) as of 31 December 2021
9.	The SNB WCF Credit Facilities Agreement	21 September 2020	SAR 3,039,250,927.07	30 April 2021G, extended to 31 March 2022G. The Company is currently renewing the facility for a further period	0.00
10.	Riyad Bank Overdraft Facility Agreement	20 October 2020	SAR 375,050,000	6 November 2024	SAR 111,457,694
11.	Shareholder Revolving Loan Agreement (granted by Saudi Aramco)	30 September 2020	USD 750,000,000 (denominated currency is USD) (SAR 2,812,500,000)	20 December 2023	USD 750,000,000 (SAR 2,812,500,000)
12.	Saudi Aramco Facility Agreement	30 September 2020	USD 500,000,000 (denominated currency is USD) (SAR 1,875,000,000)	20 December 2023	USD 150,000,000 (SAR 562,500,000)
13.	Shareholder Revolving Loan Agreement (granted by Sumika Finance)	30 September 2020	USD 750,000,000 (denominated currency is USD) (SAR 2,812,500,000)	20 December 2023	USD 750,050,000 (SAR 2,812,500,000)
14.	Rabigh 1 Shareholder Loan Agreement	18 March 2006	USD 1,654,845,430 (denominated currency is USD) (SAR 6,205,670,362.50)	Repayable on demand.	USD 1,220,000,000 (SAR 4,575,000,000)
15.	Guarantee Standby Letter of Credit from Banque Saudi Fransi to Citibank N.A.	13 February 2020	USD 100,000,000 (denominated currency is USD) (SAR 375,000,000)	31 December 2023	USD 100,000,000 (SAR 375,000,000)
16.	Guarantee Standby Letter of Credit from Riyad Bank to Citibank N.A.	12 February 2020	USD 90,220,000 (denominated currency is USD) (SAR 338,721,968)	31 December 2022	USD 90,220,000 (SAR 338,721,968)
17.	Guarantee Standby Letter of Credit from SNB Citibank N.A.	25 November 2019	USD 207,849,171 (denominated currency is USD) (SAR 776,434,391.25)	31 December 2023	USD 207,849,171 (SAR 776,434,391.25)

10.2.8 Facilities that have been fully repaid

It should be noted that the Company has fully repaid the following facilities:

- Phase I Financing Facilities Commercial Bank Facility Agreement in the amount of up to USD 1,740,000,000 (SAR 6,525,000,000);
- Phase I Financing Facilities Islamic Facility Agreement in the amount of up to USD 600,000,000 (SAR 2,250,000,000);
- Phase I Financing Facilities JBIC Facility Agreement in the amount of up to USD 2,500,000,000 (SAR 9,375,000,000);
- Phase I Financing Facilities PIF Facility Agreement in the amount of up to USD 1,000,000,000 (SAR 3,750,000,000);
- Phase II Financing Facilities SAR Procurement Agreement in the amount of up to SAR 1,905,000,000; and
- Phase II Financing Facilities Wakala Agreement in the amount of up to SAR 675,000,000.





10.3 Facility Agreements

We have summarized in the section below in greater detail the facilities described above.

10.3.1 Phase II Financing Facilities JBIC Agreement

As part of the financing procured for the Phase II Financing Facilities, the Company entered into a facility agreement with JBIC, as creditor on 16 March 2015G.

Below is a brief summary of the material terms of this agreement:

Table (10.3): Terms of the Phase II Financing Facilities JBIC Agreement

Term	Description
Total Commitment	USD 1,998,000,000 (SAR 7,492,500,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 1,542,028,428 (SAR 5,782,606,605)
Purpose	To fund the payment of Rabigh 2 Project Costs for the Expansion Facilities, including without limitation, the reimbursement of Project Costs paid by the Sponsors prior to the Rabigh 2 Financial Close Date (including in relation to the Rabigh 2 IWSPP).
Maturity Date	20 June 2031G
Security	The Security in addition to: A Promissory Note dated 23 December 2019G in favour of JBIC for the amount of USD 1,846,293,858, and A Promissory Note dated 23 December 2019G in favour of JBIC for the amount of USD 24,653,536.24 (this amount is already paid).
Events of Default	Events of default under the Phase II Financing Facilities JBIC Agreement includes: <ul style="list-style-type: none"> • Either Founding Shareholder ceases to own directly or indirectly at least 37.5% of the Company's issued shares at all times. • Non-payment of amounts under the Phase II Financing Facilities JBIC Agreement; • Insolvency of the Company; or • Company evidences intention to no longer be bound by the Phase II Financing Facilities JBIC Agreement.
Governing Law	The agreement shall be governed by and construed in accordance with English law.



10.3.2 Phase II Financing Facilities Commercial Bank Facility Agreement

As part of the financing procured for the Phase II Financing Facilities, the Company entered into a facility agreement with the creditors listed in Table 10.4 below (the Commercial Bank Facility Creditors) on 16 March 2015G.

Below is a brief summary of the material terms of this agreement:

Table (10.4): Phase II Financing Facilities Commercial Bank Facility Agreement

Term	Description
Commercial Bank Facility Creditors	1- BNP Paribas S.A. 2- Citibank N.A., Nassau Branch 3- Crédit Agricole Corporate and Investment Bank 4- HSBC Bank Middle East Limited 5- Mizuho Bank, Ltd. 6- MUFG Bank, Ltd. (formerly, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) 7- The Norinchukin Bank 8- Sumitomo Mitsui Banking Corporation 9- Sumitomo Mitsui Trust Bank, Limited (London Branch)
Total Commitment	USD 935,000,000 (SAR 3,506,250,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 501,027,912 (SAR 1,878,854,668)
Purpose	To fund the payment of Rabigh 2 Project Costs, including without limitation, the reimbursement of Project Costs paid by the Sponsors prior to the Rabigh 2 Financial Close Date (including in relation to the Rabigh 2 IWSPF).
Maturity Date	20 June 2031G
Security	The Security in addition to: 1- An undated Promissory Note in favour of MUFG Bank, Ltd. (formerly, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) for the amount of USD 740,000,000, and 2- on or prior to the commencement of each commission period, a promissory note payable on demand and denominated in USD with a face amount equal to the commission which will accrue during such commission period.
Events of Default	Events of default under the Phase II Financing Facilities Commercial Bank Facility Agreement includes: <ul style="list-style-type: none"> • Either Founding Shareholder ceases to own directly or indirectly at least 37.5% of the Company's issued shares at all times; • Non-payment of amounts under the Phase II Financing Facilities Commercial Bank Facility Agreement; or • Insolvency of the Company.
Governing Law	The agreement shall be governed by and construed in accordance with English law.





10.3.3 Phase II Financing Facilities PIF Facility Agreement

As part of the financing procured for the Phase II Financing Facilities, the Company entered into a facility agreement with the PIF, as creditor on 16 March 2015G.

Below is a brief summary of the material terms of this agreement:

Table (10.5): Phase II Financing Facilities PIF Facility Agreement

Term	Description
Total Commitment	USD 1,300,000,000 (denominated currency is USD) (SAR 4,875,000,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 1,003,340,000 (SAR 3,762,525,000)
Purpose	To fund the payment of Rabigh 2 Project Costs.
Maturity Date	20 June 2031G
Security	The Security
Events of Default	Events of default under the Phase II Financing Facilities PIF facility agreement includes: <ul style="list-style-type: none"> • Either Founding Shareholder ceases to own directly or indirectly at least 37.5% of the Company's issued shares at all times ; or • Non-payment of amounts under the Phase II Financing Facilities PIF Facility Agreement.
Governing Law	The agreement shall be governed by and construed in accordance with the laws of the Kingdom.

10.3.4 Phase II Financing Facilities Dollar Procurement Agreement

As part of the financing procured for the Phase II Financing Facilities, the Company entered into a dollar procurement agreement with HSBC Saudi Arabia, as the **"Dollar Procurement Facility Agent"** acting on behalf of the **"Rabigh 2 Dollar Procurement Facility Participants"** on 16 March 2015G.

Below is a brief summary of the material terms of this agreement:

Table (10.6): Phase II Financing Facilities Dollar Procurement Agreement

Term	Description
Total Commitment	USD 247,000,000 (denominated currency is USD) (SAR 926,250,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 132,345,772 (SAR 496,296,645)
Purpose	To procure the construction, development and delivery of certain Phase II assets.
Maturity Date	20 June 2031G
Security	In addition to the Security, the Company has issued: <ul style="list-style-type: none"> • to the Dollar Procurement Facility Agent an undated promissory note, payable on demand and for the amount of USD 220,927.78; • on 12 January 2021G to the Dollar Procurement Facility Agent a promissory note, payable on demand and for the amount of USD 137,290,222.91; and • on 12 January 2021G to the Dollar Procurement Facility Agent a promissory note, payable on demand and the for the amount of USD 954,903.08.
Governing Law	The agreement shall be governed by and construed in accordance with English law.



The Company and the Founding Shareholders have provided the following Security further to or in connection with the Phase II Financing Facilities described in sections 10.3.1 through 10.3.4 above in favour of the Phase II Financing Facilities creditors:

- the Company has pledged certain accounts opened in the Kingdom of Saudi Arabia and their amounts;
- the Company has pledged certain assets located in the Kingdom of Saudi Arabia and their sale proceeds;
- the Company has assigned amounts owing to it and other benefits under certain contracts;
- the Founding Shareholders have pledged their shares and all share proceeds in the Company. The Founding Shareholders cannot sell or pledge these shares to a third party without the Onshore Security Agent's approval;
- the Company has pledged certain accounts opened outside of the Kingdom of Saudi Arabia and their amounts;
- the Company has pledged certain assets located outside of the Kingdom of Saudi Arabia;
- the Company has assigned its rights to receive insurance proceeds under certain insurance policies; and
- the Company's insurer has assigned its rights to receive reinsurance proceeds under certain reinsurance policies.

10.3.5 Common Terms Agreement and Intercreditor Agreement

In connection with entering into the financing arrangements for the Phase II Financing Facilities described in sections 10.3.1 through 10.3.4 above, the Company also entered into or amended:

- a- the Phase II Financing Facilities common terms agreement dated 16 March 2015G (as last amended on 23 September 2020G) between, among others, the Company and MUFG Bank, Ltd. (formerly, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (the Global Intercreditor Agent and the Phase II Financing Facilities Administrative Agent) (the "**Phase II Financing Facilities Common Terms Agreement**"), that contains certain terms and conditions that are common to the Phase II Financing Facilities; and
- b- the intercreditor agreement dated 2 March 2006G (as last amended on 23 September 2020G), between, among others, the Company, the Global Intercreditor Agent and the Phase II Financing Facilities Administrative Agent (the "**Intercreditor Agreement**"), that contains certain terms and conditions that are common to the Phase II Financing Facilities and future facilities to be entered into by the Company.

See section 10.3.6 below in relation to the HEC Amendment and Restatement Agreement.

The Phase II Financing Facilities have passed the CRT and the Rabigh 2 Project reached commercial operation on 31 October 2019.

10.3.6 Hard Equity Condition (HEC) Amendment and Restatement Agreement

On 22 September 2020G, the Company and the Global Intercreditor Agent, among others, entered into the HEC Amendment and Restatement Agreement in relation to the Intercreditor Agreement and the Phase II Financing Facilities Common Terms Agreement.

The HEC Amendment and Restatement Agreement amended and restated the following:

- a- the Intercreditor Agreement for the purposes of additional Founding Shareholder funding for the Company and for each Founding Shareholder to provide a debt service undertaking (the Rabigh 2 Debt Service Undertaking); and
- b- the Phase II Financing Facilities Common Terms Agreement for the purposes of additional Founding Shareholder funding for the Company and for each Founding Shareholder to provide the Rabigh 2 Debt Service Undertaking.

For more details on the Rabigh 2 Debt Service Undertaking, please refer to sections 10.3.7 and 10.3.8 below.

10.3.7 Saudi Aramco Rabigh 2 Debt Service Undertaking

On 22 September 2020G, Saudi Aramco entered into a Rabigh 2 Debt Service Undertaking with Citicorp Trustee Company Limited as offshore security trustee and agent (the Offshore Security Trustee and Agent), under which Saudi Aramco undertakes to pay its applicable portion of any scheduled debt service payment shortfall in respect of the Phase II financing following the application of amounts standing to the credit of certain debt service accounts and reserve accounts of the Company (the Rabigh 2 Debt Service Shortfall Amount).

Below is a brief summary of the main terms of the Saudi Aramco Rabigh 2 Debt Service Undertaking:

Table (10.7): Terms of the Saudi Aramco Rabigh 2 Debt Service Undertaking

Term	Description
Purpose	<ul style="list-style-type: none"> Saudi Aramco undertakes to the Offshore Security Trustee and Agent on behalf of the creditors participating in the Phase II financing commercial bank facility, the Phase II financing dollar procurement facility, the Phase II financing JBIC facility and the Phase II financing PIF facility (the Beneficiaries) to pay its proportion of the Rabigh 2 Debt Service Shortfall Amount. Saudi Aramco undertakes to indemnify the Beneficiaries against any loss incurred if any amounts owing in respect of the Rabigh 2 financing facilities become void or unenforceable against the Company provided that such amount does not exceed its proportion of the Rabigh 2 Debt Service Shortfall Amount.
Governing Law	The Agreement shall be governed by and construed in accordance with English law.

10.3.8 Sumitomo Chemical Rabigh 2 Debt Service Undertaking

On 22 September 2020G, Sumitomo Chemical entered into the Rabigh 2 Debt Service Undertaking with the Offshore Security Trustee and Agent, under which Sumitomo Chemical undertakes to pay its applicable portion of the Rabigh 2 Debt Service Shortfall Amount.

Below is a brief summary of the main terms of the Sumitomo Chemical Debt Service Undertaking:

Table (10.8): Terms of the Sumitomo Chemical Rabigh 2 Debt Service Undertaking

Term	Description
Purpose	<ul style="list-style-type: none"> Sumitomo Chemical undertakes to the Offshore Security Trustee and Agent on behalf of the Beneficiaries to pay its proportion of the Rabigh 2 Debt Service Shortfall Amount. Sumitomo Chemical undertakes to indemnify the Beneficiaries against any loss incurred if any amounts owing in respect of the Rabigh 2 financing facilities become void or unenforceable against the Company provided that such amount does not exceed its proportion of the Rabigh 2 Debt Service Shortfall Amount.
Governing Law	The Agreement shall be governed by and construed in accordance with English law.

10.3.9 Amended and Restated Sumitomo Chemical Equity Bridge Loan Agreement

On 16/03/2015G, the Company and Sumitomo Mitsui Banking Corporation (the Equity Bridge Facility Agent), entered into an Equity Bridge Loan Agreement as amended and restated on 30/09/2020G, guaranteed by Sumitomo Chemical.

Below is a brief summary of the material terms this agreement:

Table (10.9): Terms of the Amended and Restated Sumitomo Chemical Equity Bridge Loan Agreement

Term	Description
Total Commitment	An equity bridge loan facility in a maximum aggregate principal amount not exceeding USD 1,500,000,000 (denominated currency is USD) (SAR 5,625,000,000).
Outstanding Amount (Principal) as at 31 December 2021G	USD 1,500,000,000 (SAR 5,625,000,000)
Purpose	To fund the payment of Phase II Financing Facilities' costs, including without limitation, the reimbursement of project costs paid by the Founding Shareholders prior to the Rabigh 2 financial close date (including in relation to the Rabigh 2 IWSPP).
Maturity Date	The earlier of (i) 1 October 2022G; or (ii) the date of full repayment of the Sumitomo Chemical Equity Bridge Loan by way of a rights issue or otherwise.
Guarantee	Equity bridge loan guarantee from Sumitomo Chemical dated 16 March 2015G between Sumitomo Chemical as guarantor and Sumitomo Mitsui Banking Corporation as equity bridge facility agent (the SCC EBL Guarantee), as confirmed pursuant to a Sumitomo Chemical guarantee confirmation letter dated 30 September 2020G.



Term	Description
Events of Default	<p>Events of default for the purposes of the Agreement include:</p> <ul style="list-style-type: none"> • Non-payment of amounts due under the Sumitomo Chemical Equity Bridge Loan Agreement; • Insolvency of the Company or Sumitomo Chemical or any legal proceedings are taken in connection with the insolvency of the Company or Sumitomo Chemical; • The Company or Sumitomo Chemical evidence any intention to no longer be bound by the Sumitomo Chemical Equity Bridge Loan Agreement or SCC EBL Guarantee; or • Illegality or unenforceability of any Equity Bridge Document.
Governing Law	The Agreement shall be governed by and construed in accordance with English law.

Sumitomo Chemical has provided the SCC EBL Guarantee dated 16 March 2015G in favour of the equity bridge creditors, to guarantee the obligations of the Company under the Amended and Restated Sumitomo Chemical Equity Bridge Loan Agreement. The SCC EBL Guarantee is governed by English law and was reconfirmed on 30 September 2020G.

10.3.10 Amended and Restated Saudi Aramco Equity Bridge Loan Agreement

On 16/03/2015G, the Company and a number of certain financial institutions, including Sumitomo Mitsui Banking Corporation, guaranteed by Saudi Aramco (the SA Equity Bridge Facility Agent) entered into an Equity Bridge Loan Agreement as amended and restated on 30/09/2020G.

Below is a brief summary of the material terms of this agreement.

Table (10.10): Terms of the Amended and Restated Saudi Aramco Equity Bridge Loan Agreement

Term	Description
Total Commitment	An equity bridge loan facility in a maximum aggregate principal amount not exceeding USD 1,500,000,000 (denominated currency is USD) (SAR 5,625,000,000).
Outstanding Amount (Principal) as at 31 December 2021G	USD 1,500,000,000 (SAR 5,625,000,000)
Purpose	To fund the payment of Rabigh 2 Project Costs, including without limitation, the reimbursement of Project Costs paid by the Sponsors prior to the Rabigh 2 Financial Close Date (including in relation to the Rabigh 2 IWSP).
Maturity Date	The earlier of (i) 1 October 2022G; or (ii) the date of full repayment of the Saudi Aramco Equity Bridge Loan by way of a rights issue or otherwise.
Guarantee	Equity bridge loan guarantee from Saudi Aramco dated 16 March 2015G between Saudi Aramco as guarantor and Sumitomo Mitsui Banking Corporation as SA equity bridge facility agent (the Saudi Aramco EBL Guarantee), as confirmed pursuant to a Saudi Aramco guarantee confirmation letter dated 30 September 2020G.
Events of Default	<p>Events of default for the purposes of the Agreement include:</p> <ul style="list-style-type: none"> • Non-payment of amounts due under the Saudi Aramco Equity Bridge Loan Agreement; • Insolvency of the Company or Saudi Aramco or any legal proceedings are taken in connection with the insolvency of the Company or Saudi Aramco; • The Company or Saudi Aramco evidence any intention to no longer be bound by the Saudi Aramco Equity Bridge Loan Agreement or Saudi Aramco EBL Guarantee; or • Illegality or unenforceability of any Equity Bridge Document.
Governing Law	The agreement shall be governed by and construed in accordance with English law.

Saudi Aramco has provided the Saudi Aramco EBL Guarantee dated 16 March 2015G in favour of the Equity Bridge Creditors, to guarantee the obligations of the Company under the Amended and Restated Saudi Aramco Equity Bridge Loan Agreement. The Saudi Aramco EBL Guarantee is governed by English law and was reconfirmed on 30 September 2020G.



10.3.11 SIDF Loan Agreement

On 25 December 2019G, the Company entered into a term loan facilities agreement with the Saudi Industrial Development Fund as creditor.

Below is a brief summary of the material terms of this Loan Agreement:

Table (10.11): Terms of the SIDF Loan Agreement

Term	Description
Total Commitment	SAR 3,600,000,000
Outstanding Amount (Principal) as at 31 December 2021G	SAR 3,520,000,000
Purpose	Re-financing existing company debts with better terms and conditions and repayment period, in addition to settling other loans.
Maturity Date	28/01/2032G
Guarantee/Security	The pledge by the Company in favour of SIDF of certain plants in connection with the Petro Rabigh Project, machinery, equipment and buildings in relation to the plants. The value of the assets pledged in favour of SIDF amounts to SAR 7,200,000,000.
Events of Default	Events of default under the SIDF Loan Agreement, which are subject to remedy periods, materiality thresholds and minimum value thresholds, include: <ul style="list-style-type: none"> • Non-payment of amounts due under the SIDF Loan Agreement; • Default of any obligations in other facility agreements with SIDF or any other creditor; • Insolvency of the Company or any insolvency legal proceedings are taken in connection with the Company; or • The Company abandons the Petro Rabigh Project.
Governing Law	The Loan Agreement shall be governed by and construed in accordance with the laws of the Kingdom.

10.3.12 Riyadh Bank WCF Credit Facilities Agreement

On 20 October 2020G, the Company entered into a facility agreement with Riyadh Bank as lender.

Below is a brief summary of the material terms of this Agreement:

Table (10.12): Terms of the Riyadh Bank WCF Credit Facilities Agreement

Term	Description
Total Commitment	SAR 562,500,000
Outstanding Amount (Principal) as at 31 December 2021G	SAR 0.00
Purpose	To finance the Company's general working capital requirements.
Maturity Date	20 October 2023G. Renewal requires the consent of Riyadh Bank.
Security	<ul style="list-style-type: none"> • A Promissory Note for the total amounts (principal and commission) under the Riyadh Bank WCF Credit Facilities Agreement and Riyadh Bank Overdraft Facility Agreement summarized in section 10.3.13 below of SAR 1,812,782,000 dated 11 September 2019G. • A Promissory Note for the total commitment of SAR 562,500,000 dated 20 October 2020G.

Term	Description
Events of Default	<p>Events of default under the Riyad Bank WCF Credit Facilities Agreement include, but not limited to, the following:</p> <ul style="list-style-type: none"> • Non-payment of amounts due under the Riyad Bank WCF Credit Facilities Agreement; • Breach of any other obligations in the Riyad Bank WCF Credit Facilities Agreement or related security/collateral documents by the Company or its guarantors or under any other facility agreements with Riyad Bank or any other creditor; • Change in legal form, ownership structure and management of Company that may have a material adverse effect on the performance of the Company's obligations under the Riyad Bank WCF Credit Facilities Agreement; • Any ruling or decision issued against the Company or any member of its group that may have a material negative effect on the performance of the Company's obligations under the Riyad Bank WCF Credit Facilities Agreement; or • Insolvency of the Company or any insolvency legal proceedings are taken in connection with the Company.
Governing Law	The Agreement shall be governed by and construed in accordance with the laws of the Kingdom.

10.3.13 Riyad Bank Overdraft Facility Agreement

On 20 October 2020G, the Company entered into an overdraft facility agreement with Riyad Bank as the creditor.

Below is a brief summary of the material terms of this Agreement:

Table (10.13): Terms of the Riyad Bank Overdraft Facility Agreement

Term	Description
Total Commitment	SAR 375,050,000
Outstanding Amount (Principal) as at 31 December 2021G	SAR 375,050,000
Purpose	To finance the Company's general working capital requirements.
Maturity Date	20 October 2023G. Renewal requires consent of Riyad Bank.
Security	A Promissory Note for the total amounts (principal and commission) under the Riyad Bank WCF Credit Facilities Agreement and Riyad Bank Overdraft Facility Agreement of SAR 1,812,782,000 dated 11 September 2019G.
Events of Default	<p>Events of default under the Riyad Bank Overdraft Facility Agreement include, but not limited to, the following:</p> <ul style="list-style-type: none"> • Non-payment of amounts due under the Riyad Bank Overdraft Facility Agreement; • Breach of any other obligations in the Riyad Bank Overdraft Facility Agreement or related security/collateral documents by the Company or its guarantors or under any other facility agreements with Riyad Bank or any other creditor; • Change in legal form, ownership structure and management of Company that may have a material adverse effect on the performance of the Company's obligations under the Riyad Bank Overdraft Facility Agreement; • Any ruling or decision issued against the Company or any member of its group that may have a material negative effect on the performance of the Company's obligations under the Riyad Bank Overdraft Facility Agreement; or • Insolvency of the Company or any insolvency legal proceedings are taken in connection with the Company.
Governing Law	The Agreement shall be governed by and construed in accordance with the laws of the Kingdom.

10.3.14 SNB WCF Credit Facilities Agreement

On 21 September 2020G, the Company entered into a facility agreement with SNB as the lender.

Below is a brief summary of the material terms of this Agreement:

Table (10.14): Terms of SNB WCF Credit Facilities Agreement

Term	Description
Total Commitment	SAR 3,039,250,929.07 divided into (i) a commercial loan facility; (ii) letters of guarantee facility; and (iii) foreign exchange facility.
Outstanding Amount (Principal) as at 31 December 2021G	SAR 0.00
Purpose	To finance the Company's working capital requirements and crude oil payments, particularly during planned or unplanned shutdowns.
Maturity Date	30 April 2021G, extended to 31 March 2022G. (For more details on the extensions, please refer to section 10.3.16 "Extension Letters in relation to The Saudi National Bank WCF Credit Facilities Agreement").
Guarantee/Security	A Promissory Note for the total commitment of SAR 3,039,250,929.07 dated 21 September 2020G.
Events of Default	Events of default under the SNB WCF Credit Facilities Agreement include, the following: <ul style="list-style-type: none"> • Either Founding Shareholder ceases to own directly or indirectly at least 37.5% of the Company's issued shares at all times; • Non-payment of amounts due under the SNB WCF Credit Facilities Agreement; or • Insolvency, legal incapacity, loss of legal status or suspension of the commercial license of the Company.
Governing Law	The Agreement shall be governed by and construed in accordance with the laws of the Kingdom.

10.3.15 Amendment Agreement of SNB WCF Credit Facilities Agreement

On 10 December 2020G, the Company entered into an amendment agreement with SNB as the creditor to reduce the total commitment under the SNB WCF Credit Facilities Agreement dated 21 September 2020G to SAR 2,476,750,929.07. Pursuant to this amendment, the Company issued a Promissory Note for SAR 2,476,750,929.07 dated 10 December 2020G, which replaces the Promissory Note dated 21 September 2020G.

All other terms of the WCF Credit Facilities Agreement shall remain unamended and in force.

10.3.16 Extension Letters in relation to SNB WCF Credit Facilities Agreement

On 8 November 2021G, the Company entered into an extension letter with SNB in relation to the extension of the SNB WCF Credit Facilities Agreement and Amendment Agreement of SNB WCF Credit Facilities Agreement until 30 November 2021G.

On 8 December 2021G, the Company entered into a further extension letter with SNB in relation to the extension of the SNB WCF Credit Facilities Agreement and Amendment Agreement of SNB WCF Credit Facilities Agreement until 31 January 2022G.

On 22 March 2022G, the Company entered into a further extension letter with SNB in relation to the extension of the SNB WCF Credit Facilities Agreement and Amendment Agreement of SNB WCF Credit Facilities Agreement until 31 March 2022G, at which stage a renewed SNB Credit Facilities Agreement will be issued and entered into with the Company. The Company is currently renewing the facility for a further period.

10.3.17 Rabigh 1 Shareholder Loan Agreement

On 18/03/2006G, the Company entered into the Rabigh 1 Shareholder Loan Agreement with the Founding Shareholders as creditors. It is worth mentioning that the amounts due to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement will be repaid through the Founding Shareholders' subscription in all of their prorated share of the Offering, being five hundred ninety-six million two hundred fifty thousand (596,250,000) New Shares representing 75% of the Offering. The Founding Shareholders have undertaken to subscribe for their prorated share of the Offering through the capitalization of an amount of five billion nine hundred sixty-two million five hundred thousand Saudi Riyals (SAR 5,962,500,000) of amounts payable by the Company to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement. For more details on this, please refer to Section 7 of this Prospectus ("Use of Proceeds").

Below is a brief summary of the material terms of this agreement:

Table (10.15): Rabigh 1 Shareholder Loan Agreement

Term	Description
Total Commitment	USD 1,654,845,430 (SAR 6,205,670,362.50)
Outstanding Amount (Principal) as at 31 December 2021G	USD 1,220,000,000 (SAR 4,575,000,000)
Purpose	To finance the development, design, construction and operation of the Petro Rabigh Project.
Maturity Date	Repayable on demand, subject to the terms of the Phase II Financing Facilities.
Guarantee/Security	<ul style="list-style-type: none"> Promissory Notes issued by the Company in favour of Sumitomo Chemical dated 21 June 2021G for the amounts of USD 185,164,334,74 and USD 610,000,000. No Promissory Notes were issued in favour of Saudi Aramco.
Events of Default	<p>Events of default under the Sponsor Credit Facility include, but not limited to, the following:</p> <ul style="list-style-type: none"> Non-payment of amounts due under the Sponsor Credit Facility; Breach of any obligations in other loan agreements with other creditors; Insolvency of the Company or any insolvency legal proceedings are taken in connection with the Company; or It becomes illegal for the Company to perform its obligations under the Sponsor Credit Facility.
Governing Law	The Agreement shall be governed by and construed in accordance with English law.

10.3.18 USD 750,000,000 Saudi Aramco Shareholder Revolving Loan Agreement

On 30 September 2020G, the Company entered into a shareholder revolving loan agreement with Saudi Aramco as lender.

Below is a brief summary of the material terms of this Agreement:

Table (10.16): Terms of the USD 750,000,000 (SAR 2,812,500,000) Saudi Aramco Shareholder Revolving Loan Agreement (Saudi Aramco as lender)

Term	Description
Total Commitment	USD 750,000,000 (SAR 2,812,500,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 750,000,000 (SAR 2,812,500,000)
Purpose	General corporate and working capital purposes of the Company, as well as repayment of maturing advances.
Maturity Date	The date falling 36 months after the first Commission Payment Date (20 December 2023G). The first Commission Payment Date was 20 December 2020. The Commission Payment Date falls on 20 June and 20 December of each year.
Guarantee/Security	None



Term	Description
Events of Default	<p>Events of default, which are subject to remedy periods and minimum value thresholds, include:</p> <ul style="list-style-type: none"> • Non-payment of amounts due under the Saudi Aramco Shareholder Revolving Loan Agreement; • Default of any obligations in other facility agreements with other creditors; • Insolvency of the Company or any insolvency legal proceedings are taken in connection with the Company; and • Illegality and unenforceability of Company's obligations under the Saudi Aramco Shareholder Revolving Loan Agreement.
Governing Law	The Agreement shall be governed by and construed in accordance with English law.

10.3.19 USD 500,000,000 Saudi Aramco Shareholder Revolving Loan Agreement

On 30 September 2020G, the Company entered into a shareholder revolving loan agreement with Saudi Aramco as lender.

Below is a brief summary of the material terms of this Agreement:

Table (10.17): Terms of the USD 500,000,000 Saudi Aramco Shareholder Revolving Loan Agreement (Saudi Aramco as lender)

Term	Description
Total Commitment	USD 500,000,000 (SAR 1,875,000,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 300,000,000 (SAR 1,125,000,000)
Purpose	General corporate and working capital purposes of the Company, as well as repayment of maturing advances.
Maturity Date	The date falling 36 months after the first Commission Payment Date (20 December 2023G). The first Commission Payment Date was 20 December 2020. The Commission Payment Date falls on 20 June and 20 December of each year.
Guarantee/Security	None
Events of Default	<p>Events of default, which are subject to remedy periods and minimum value thresholds, include:</p> <ul style="list-style-type: none"> • Non-payment of amounts due under the Saudi Aramco Shareholder Revolving Loan Agreement; • Default of any obligations in other facility agreements with other creditors; • Insolvency of the Company or any insolvency legal proceedings are taken in connection with the Company; and • Illegality and unenforceability of Company's obligations under the Saudi Aramco Shareholder Revolving Loan Agreement.
Governing Law	The Agreement shall be governed by and construed in accordance with English law.





10.3.20 USD 750,000,000 Sumika Finance Co. Ltd. Shareholder Revolving Loan (Sumika Finance Co. Ltd. as lender)

On 30 September 2020G, the Company entered into a shareholder revolving loan agreement with Sumika Finance Co. Ltd. as lender.

Below is a brief summary of the material terms of this Agreement:

Table (10.18): Terms of the USD 750,000,000 Sumika Finance Co. Ltd. Shareholder Revolving Loan Agreement

Term	Description
Total Commitment	USD 750,000,000 (SAR 2,812,500,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 750,000,000 (SAR 2,812,500,000)
Purpose	General corporate and working capital purposes of the Company, as well as repayment of maturing advances.
Maturity Date	The date falling 36 months after the first Commission Payment Date (20 December 2023G). The first Commission Payment Date was 20 December 2020. The Commission Payment Date falls on 20 June and 20 December of each year.
Guarantee/Security	None
Events of Default	Events of default, which are subject to remedy periods and minimum value thresholds, include: <ul style="list-style-type: none"> Non-payment of amounts due under the Sumika Finance Co. Ltd. Shareholder Revolving Loan Agreement; Default of any obligations in other facility agreements with other creditors; Insolvency of the Company or any insolvency legal proceedings are taken in connection with the Company; and Illegality and unenforceability of Company's obligations under the Sumika Finance Co. Ltd. Shareholder Revolving Loan Agreement.
Governing Law	The Agreement shall be governed by and construed in accordance with English law.

10.3.21 Guarantee Standby Letter of Credit from Banque Saudi Fransi to Citibank N.A.

Below is a brief summary of the material terms of this Letter of Credit dated 13 February 2020G which is entered into under the Phase II Financing Facilities:

Table (10.19): Terms of the Letter of Credit

Term	Description
Total Amount	USD 100,000,000 (SAR 375,000,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 100,000,000 (SAR 375,000,000)
Purpose	To cover debt amounts owed by the Company under the Rabigh 2 Finance Documents.
Expiry Date	31 December 2021G, subject to renewal by written notification for a period not exceeding 365 days. The letter has been renewed to 31 December 2022G pursuant to an amended standby letter dated 6 January 2022G.
Governing Law	The Letter of Credit shall be governed by and construed in accordance with English law.





10.3.22 Guarantee Standby Letter of Credit from Riyad Bank to Citibank N.A.

Below is a brief summary of the material terms of this Letter of Credit dated 12 February 2020G which is entered into under the Phase II Financing Facilities:

Table (10.20): Terms of the Letter of Credit

Term	Description
Total Amount	USD 90,220,000 (SAR 338,325,000)
Outstanding Amount (Principal) as at 31 December 2021G	USD 90,220,000 (SAR 338,325,000)
Purpose	To cover debt amounts owed by the Company under the Rabigh 2 Finance Documents.
Expiry Date	31 December 2021G, subject to renewal by written notification for a period not exceeding 365 days. The letter has been renewed to 31 December 2022G pursuant to an amended standby letter dated 28 December 2021G.
Governing Law	The Letter of Credit shall be governed by and construed in accordance with English law.

10.4 Material Agreements

10.4.1 Agreements with Related Parties

In the ordinary course of its business, the Company deals with Related Parties such as the Company's Founding Shareholders. Other than the transactions and agreements with Related Parties stated in this section, there are no other contracts or agreements with Related Parties.

There are a number of agreements in which a Board member has a direct or indirect interest for which the approval of the General Assembly was not yet obtained, and it will be obtained during the next annual general assembly meeting to be held for the financial year ending on 31 December 2021G. These agreements are: (1) transfer agreements between the Company, Saudi Aramco, ACC and SABIC for SABIC to market Saudi Aramco's share of LLDPE, easy processing polyethylene, PP, HDPE and MEG, each dated 5/10/2021G; (2) transfer agreement between, the Company, Saudi Aramco, ATS and SABIC for SABIC to market Saudi Aramco's share of PO, dated 5/10/2021G (3) transfer agreements between the Company, Saudi Aramco, ATS, SCA and SABIC for SABIC to market Saudi Aramco's share of phenol, acetone and MMA, each dated 5/10/2021G; (4) transfer agreements between the Company, Saudi Aramco, ACC, SCA and SABIC for SABIC to market Saudi Aramco's share of LDPE, Nylon-6, EVA, TPO and PMMA, each dated 5/10/2021G; (5) transfer agreement between the Company, Saudi Aramco, ACC, SCA and ARX for ARX to market Saudi Aramco's share of EPR, dated 5/10/2021G (6) transfer agreements between the Company, Saudi Aramco, ACC, SCA and ATC for ATC to market Saudi Aramco's share of paraxylene and benzene, each dated 5/10/2021G; (7) the Equity Bridge Loan between the Company and Sumitomo Mitsui Banking Corporation dated 30/9/2020G; (8) the Equity Bridge Loan between, among others, the Company and Sumitomo Mitsui Banking Corporation dated 30/9/2020G; (9) Saudi Aramco Revolving Shareholder Loan Agreement; (10) Sumika Finance Revolving Shareholder Loan Agreement; (11) Saudi Aramco Facility Agreement; (12) Allocated Sales Gas Agreement with Aramco dated 7/1/2020G; (13) transfer agreement in relation to the PO/MEG swap agreement between ACC, ATS, SABIC, Saudi Aramco, SCA and the Company dated 5/10/2021G; (14) domestic distribution between ACC, SABIC, the Company and Saudi Aramco dated 5/10/2021G; (15) metering facility lease and operation and maintenance agreement between Saudi Aramco and the Company dated 1/7/2020G; (16) HEC amendment and restatement agreement between Saudi Aramco and Sumitomo (as Sponsors), MUFG Bank as Global Intercreditor Agent, HSBC Saudi Arabia, Credit Agricole Corporate and Investment Bank, MUFG Bank LTD and the Company (as project company) dated 22/9/2020G; (17) asset transfer agreement for the transfer of Rabigh Plus Tech Park between Rabigh Conversion Industry Management Services Company and the Company approved by the Board on 12/9/2021G; (18) asset transfer and land lease agreement for the transfer of Rabigh Plus Tech Park between Saudi Aramco and the Company approved by the Board on 12/9/2021G; (19) land lease agreement for the transfer of Rabigh Plus Tech Park between Saudi Aramco and the Company approved by the Board on 12/9/2021G; (20) PlusTech Park Letter (and amendment thereto); (21) marketing fee amendments agreement; and (22) light Naphtha offtake agreement between Saudi Aramco and the Company approved by the Board on 10/8/2021G.

Except these, the approval of the General Assembly has been obtained for the other agreements listed in Table 10.13 below due to the fact that certain board members have an interest in such contracts and agreements, in accordance with the requirements of Article 71 of Companies Law.



The following table summarizes the Company's transactions with Related Parties as at the date of this Prospectus:

Table (10.21): Transactions with Related Parties

	Agreement Duration	Agreement Nature and Conditions	Related Party	Conflicted Board Members	Nature of Conflict
1.	Until 20 December 2023G	On 30 September 2020G the Company entered into a USD 750,000,000 (SAR 2,812,500,000) shareholder revolving loan agreement with Saudi Aramco as creditor and a USD 750,000,000 (SAR 2,812,500,000) shareholder revolving loan agreement with Sumika Finance Company Limited as creditor, a wholly owned subsidiary of Sumitomo Chemical, each based on prevailing market rates.	Sumitomo Chemical Saudi Aramco	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Sumitomo Chemical and Saudi Aramco in the Board of the Company
2.	5 years from 1 May 2019G	The Company signed a refined products offtake agreement with Saudi Aramco pursuant to which Saudi Aramco will offtake all the refined products (treated whole naphtha, untreated whole naphtha, gasoline, jet A-1, low sulphur diesel and fuel oil) produced by the Company.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
3.	5 years from 1 May 2019G	The Company signed a sulphur and refined products lifting and marketing agreement with Saudi Aramco for the sale of elemental solid sulphur.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
4.	From 3 October 2018G until the expiry of the corresponding Expansion Facilities' Marketing Agreement for each product.	The Company signed a domestic distribution agreement with ATC pursuant to which the Company has appointed ATC as its domestic distributor of petrochemical products. This agreement has since been transferred from ATC to ACC; and from ACC to SABIC	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
5.	30 years commencing from 1 October 2008G	The Company entered into a Crude Oil Feedstock Supply Agreement (COSA), which is summarized in section 10.4.2.3.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
6.	20 years from 1 December 2008G	Ethane feedstock supply agreement with Saudi Aramco for the supply of ethane feedstock requirements., which is summarized in section 10.4.2.1.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
7.	20 years from 1 December 2008G	Butane feedstock supply with Saudi Aramco for the supply of butane feedstock requirements.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
8.	25 years from 1 June 2008G	Petroleum product sales agreement with Saudi Aramco for the supply of fuel oil.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company



	Agreement Duration	Agreement Nature and Conditions	Related Party	Conflicted Board Members	Nature of Conflict
9.	20 years from 1 July 2020G	Allocated Sales gas supply agreement with Saudi Aramco for the supply of Sales Gas.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
10.	10 years from 30 November 2018G	Liquefied Petroleum Gas and Light Naphtha lifting and marketing agreement with Saudi Aramco.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
11.	10 years from 1 April 2014G, extendable for another two consecutive 5 year periods	Phase I Petrochemical products marketing agreements with SCA (an affiliate of Sumitomo Chemical).	Sumitomo Chemical	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Sumitomo Chemical in the Board of the Company
12.	10 years from the accumulated production date, extendable for another 5 year period.	Phase II Petrochemical products marketing agreements with SCA (an affiliate of Sumitomo Chemical) and ATC, SABIC, ARLEANXEO (each an affiliate of Saudi Aramco).	Sumitomo Chemical Saudi Aramco	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Sumitomo Chemical and Saudi Aramco in the Board of the Company
13.	The agreement terminates 5 years after the effective date* * The effective date takes place upon the occurrence of certain events, which have not yet occurred.	Liquified Petroleum Gas and Light Naphtha Lifting and Marketing Agreement with Sumitomo Chemical.	Sumitomo Chemical	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Sumitomo Chemical in the Board of the Company
14.	There is no specific duration but it is charged annually	The Company procures various materials/ goods required by it from Sumitomo Chemical and its affiliates for the production of products manufactured by it.	Sumitomo Chemical	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Sumitomo Chemical in the Board of the Company
15.	10 years from 1 April 2014G. Further extendable for another 5 years	Phase I Petrochemical products marketing agreements with SABIC.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
16.	Credit facility with no repayment period. Interest is charged bi-annually	Credit Facility Agreement. Under the provisions of this agreement, Saudi Aramco and Sumitomo Chemical agreed to grant the Company a local facility for the development, design and construction of the Petro Rabigh Complex.	Saudi Aramco Sumitomo Chemical	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Saudi Aramco and Sumitomo Chemical in the Board of the Company
17.	Until 20 December 2023G	On 30 September 2020G the Company entered into a USD 500,000,000 (SAR 1,875,000,000) shareholder revolving loan agreement with Saudi Aramco as creditor.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company



	Agreement Duration	Agreement Nature and Conditions	Related Party	Conflicted Board Members	Nature of Conflict
18.	99 years, with effect from 1 Nov 2005G	Rabigh Refinery Complex Lease Agreement: for the lease of approximately 11.8 million square meters for a period of 99 years, with effect from 1 November 2005G, and may be renewed thereafter for consecutive additional periods as agreed. For more details, please see Section (10.4.10.1) below.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
19.	30 years effective from 2 March 2006G	Terminal Lease Agreement: Under this agreement, the Company has been granted exclusive rights by Saudi Aramco to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site for a term of 30 years effective from 2 March 2006. For more details, please see Section (10.4.10.2) below.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
20.	25 years effective 1 October 2014G	Rabigh Community Lease Agreement: in respect of leases of land and infrastructure facilities. For more details, please see Section (10.4.10.3) below.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
21.	20 years effective from 10 July 2020G	Metering Facility Lease and Operation and Maintenance Agreement, whereby the Company leases a meter and relevant pipelines which are close to the sales gas delivery point that Saudi Aramco owns, operate and maintain to the Company. For more details, please see Section (10.4.10.4) below.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
22.	Technical support and know-how agreement renewed on annual basis at an agreed annual charge	The Company has entered into Services Agreements with Saudi Aramco and its affiliates covering various operational and logistics support services. These agreements cover the provision of various support services to the Company such as human resources, training and recruitment, legal utilities, information technology, general management, technical support and pre-marketing support. These agreements also cover the ongoing technical support needed for continuous operations and ongoing enhancements such as refining and petrochemical process know-how provided by Saudi Aramco and marketing technical services, engineering and safety best practices and training provided by Saudi Aramco. The Company shall pay for these services at mutually agreed prices specified in each agreement for the services to be provided.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company





	Agreement Duration	Agreement Nature and Conditions	Related Party	Conflicted Board Members	Nature of Conflict
23.	Technical support and know-how agreement renewed on annual basis at an agreed annual charge	The Company has entered into Services Agreements with Sumitomo Chemical and its affiliates covering various operational and logistics support services. These agreements cover the provision of various support services to the Company such as human resources, training and recruitment, legal utilities, information technology, general management, technical support and pre-marketing support. These agreements also cover the ongoing technical support needed for continuous operations and ongoing enhancements such as refining and petrochemical process know-how provided by Sumitomo Chemical and marketing technical services, engineering and safety best practices and training provided by Sumitomo Chemical. The Company shall pay for these services at mutually agreed prices specified in each agreement for the services to be provided.	Sumitomo Chemical	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Sumitomo Chemical in the Board of the Company
24.	From 12 June 2006G until the date on which Saudi Aramco ceases to be a shareholder of the Company	The Company has entered into a Secondment Agreement with Saudi Aramco dated 12 June 2006G, which is summarized in section 5.6.2 of this Prospectus.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
25.	From 1 July 2006G until the date on which Sumitomo Chemical ceases to be a shareholder of the Company	The Company has entered into a Secondment Agreement with Sumitomo Chemical dated 1 July 2006G, which is summarized in section 5.6.2 of this Prospectus.	Sumitomo Chemical	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Sumitomo Chemical in the Board of the Company
26.	30 September 2020G	Shareholder Revolving Loan Agreement with Saudi Aramco, summarized in sections 10.3.18 and 10.3.19.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
27.	30 September 2020G	Shareholder Facility Agreement with Saudi Aramco, summarized in section 10.2.4.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
28.	30 September 2020G	Shareholder Revolving Loan Agreement with Sumika Finance Co., summarized in section (10.3.20).	Sumitomo Chemical	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Sumitomo in the Board of the Company
29.	1 October 2021G	Asset Transfer Agreement for the Transfer of Rabigh Plus Tech Park between Saudi Aramco and the Company.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
30.	1 October 2021G	Asset Transfer Agreement for the Transfer of Rabigh Plus Tech Park between RCIMS and the Company.	Sumitomo Chemical	Noriaki Takeshita, Seiji Takeuchi, and Takashi Shigemori	Representatives of Sumitomo in the Board of the Company



	Agreement Duration	Agreement Nature and Conditions	Related Party	Conflicted Board Members	Nature of Conflict
31.	thirty-five (35) years starting from October 1, 2021G	Rabigh PlusTech Park Land Lease Agreement with Saudi Aramco.	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company
32.	22 November 2021G to 30 November 2028G	Rabigh 2 SAO Light Naphtha Offtake Agreement	Saudi Aramco	Ibrahim Q. Al-Buainain, Othman A. Al-Ghamdi, and Suleman A. Al-Bargan	Representatives of Saudi Aramco in the Board of the Company

10.4.2 Material Third Party Supply Agreements

Other than the agreements entered into with Saudi Aramco for the supply of feedstock and the catalyst supply agreements, there are no other supplier contracts or agreements considered material with regards to the Company's business.

10.4.2.1 Ethane Feedstock Supply Agreement in relation to the Initial Facilities

The Company has entered into an ethane feedstock supply agreement with Saudi Aramco dated 28 January 2006G, under which Saudi Aramco supplies the Company with all of its requirements of ethane feedstock (not to exceed ninety-five million standard cubic feet per day (95 mmscfd) of ethane feedstock, subject to the production policies of the Kingdom) solely for use in the Petro Rabigh Complex.

The term of the agreement is twenty (20) years from 1 December 2008G. The price payable by the Company to Saudi Aramco for the ethane feedstock supplied under this agreement is the prevailing price commonly applied by Saudi Aramco to industrial customers in the Kingdom.

The Company shall pay the invoice, for any given month of delivery, no later than forty-five (45) days after the end of the month of delivery. Any amount not paid by Company when due shall bear interest from the date upon which payment was due through the date of actual payment at a rate equal to LIBOR plus 1%.

10.4.2.2 Ethane Feedstock Supply Agreement in relation to the Expansion Facilities

The Company has entered into an ethane feedstock supply agreement with Saudi Aramco dated 16 March 2015G. Saudi Aramco supplies the Company with all of its requirements of ethane feedstock (not to exceed thirty million standard cubic feet per day (30 mmscfd) of ethane feedstock, subject to the production policies of the Kingdom) solely for use in the Petro Rabigh Complex.

The term of the agreement is twenty (20) years from the date identified in the notice given from the Company to Saudi Aramco stating that the Expansion Facilities are ready to process the ethane feedstock to be supplied under the agreement. The price payable by the Company to Saudi Aramco for the ethane feedstock supplied under this agreement is the prevailing price commonly applied by Saudi Aramco to industrial customers in the Kingdom.

The Company shall pay the invoice, for any given month of delivery, no later than forty-five (45) days after the end of the month of delivery. Any amount not paid by Company when due shall bear interest from the date upon which payment was due through the date of actual payment at a rate equal to LIBOR plus 1%.

10.4.2.3 Crude Oil Feedstock Supply Agreement

The Company has entered into a crude oil feedstock supply agreement with Saudi Aramco dated 28 January 2006G, under which Saudi Aramco will supply the Company of all its requirements of crude oil (not to exceed 400,000 barrels of crude oil daily) solely for use in the Petro Rabigh Complex. The grade of crude oil to be supplied by Saudi Aramco to the Company is Arabian Light. However Saudi Aramco's obligations and commitments to deliver such grade is subject to applicable law, availability within the Kingdom from Saudi Aramco of this grade of crude oil and the crude oil production policies of the Kingdom. Saudi Aramco shall give preference (but not absolute priority) to the Company over unaffiliated commercial customers of Saudi Aramco and equal treatment with all other joint venture refineries of Saudi Aramco.



The agreement also states that Saudi Aramco may propose to supply the Company with an alternative crude oil (i.e. an alternative grade to Arabian Light) provided that it must notify the Company at least forty-five (45) days prior to the delivery date of the alternative crude oil. The Company reserves the right to request samples of the alternative crude oil feedstock for analysis and testing.

Further, the Company may also request Saudi Aramco to supply alternative grades of crude oil and Saudi Aramco may at its sole discretion supply such alternative grades in accordance with the terms of the crude oil feedstock supply agreement.

The term of the agreement is thirty (30) years from 1 October 2008G. The price payable by the Company to Saudi Aramco for crude oil supplied under this agreement is calculated based on several variable market makers that reflect, among other things, the price of the refined products and the market for the refined products to be manufactured from the crude oil.

The Company shall pay the invoice, for any given month of delivery, no later than seventy-five (75) days after the end of the month of delivery. Any amount not paid by Company when due shall bear interest from the date upon which payment was due through the date of actual payment at a rate equal to LIBOR plus 1%.

10.4.2.4 Butane Feedstock Supply Agreement

The Company has entered into a butane feedstock supply agreement with Saudi Aramco dated 28 January 2006G, under which Saudi Aramco will supply the Company of all its requirements of butane feedstock (not to exceed 12,000 barrels of butane feedstock daily, subject to the production policies of the Kingdom) solely for use in the Petro Rabigh Complex.

The term of the agreement is twenty (20) years from 1 December 2008G. The price payable by the Company to Saudi Aramco shall be the price commonly applied by Saudi Aramco to its industrial customers in the Kingdom.

The Company shall pay the invoice, for any given month of delivery, no later than forty-five (45) days after the end of the month of delivery. Any amount not paid by Company when due shall bear interest from the date upon which payment was due through the date of actual payment at a rate equal to LIBOR plus 1%.

10.4.2.5 Petroleum Product Sales Agreement

On July 3, 2006G, the Company entered into a Petroleum Product Sales Agreement with Saudi Aramco for the supply of fuel oil up to a maximum of 32 MBD monthly which the Company would, in turn, supply to Rabigh Arabian Water and Electricity Company (RAWEC) for use as fuel for the provision of certain utilities to the Company. The price at which Saudi Aramco sells the fuel oil to the Company is the government established price prevailing on the date of product delivery to the Company. The agreement is valid for 25 years commencing from 1 June 2008.

10.4.2.6 Fuel Oil Supply Agreement

On March 16, 2015G, the Company entered into a Fuel Oil Supply Agreement with Saudi Aramco for the supply of fuel oil up to a maximum of 20 MBD monthly which the Company would, in turn, supply to RAWEC for use as fuel for the provision of certain utilities to the Company. The price at which Saudi Aramco sells the fuel oil to the Company is the government established price prevailing on the date of product delivery to the Company. The agreement is valid for 25 years commencing from June 1, 2018G.

10.4.2.7 Allocated Sales Gas Supply Agreement

On July 1, 2020G, the Company entered into an Allocated Sales Gas Supply Agreement with Saudi Aramco for the supply of Sales Gas up to a maximum of 50 MMSCF per day. The Sales Gas shall be used solely and exclusively as feedstock or fuel by the Company. The price at which Saudi Aramco sells the Sales Gas to the Company is the prevailing domestic market price in the Kingdom of Saudi Arabia, as established by the relevant Governmental entity from time to time. The Allocated Sales Gas Supply Agreement is valid for 25 years commencing from July 1, 2020G.

10.4.2.8 Catalyst Supply Agreement

On 31 July 2019G the Company (as Buyer) entered into the Catalyst Supply Agreement for a certain catalyst with Sumitomo Chemical (as Seller). Pursuant to the terms of this agreement the Company agreed to purchase from Sumitomo Chemical certain catalyst. The agreement shall remain in effect for a period of 10 years from 1 August 2019G (the Effective Date) and may be extended for a period of up to five years.

10.4.2.9 Catalyst Supply Agreement

On 31 July 2019G the Company (as Buyer) entered into the Catalyst Supply Agreement for certain catalysts with the seller. Pursuant to the terms of this agreement the Company agreed to purchase certain catalysts. The agreement shall remain in effect for a period of 5 years 1 August 2019G (the Effective Date) and may be extended for three year periods.

10.4.2.10 Catalyst Supply Agreement

On 3 July 2019G the Company (as Buyer) entered into the Catalyst Supply Agreement with Sumitomo Chemical (as Seller). Pursuant to the terms of this agreement the Company agreed to purchase from Sumitomo Chemical certain catalyst. The agreement shall remain in effect for a period of five years from 1 August 2019G (the Effective Date) and may be extended for a period of up to three years.

10.4.2.11 Catalyst Lease Agreement

Pursuant to the catalyst lease agreement effective 13 October 2015G the Company leases certain catalysts for the use in its facilities. The lease is effective for a period of ten years subject to extension by mutual agreement unless terminated earlier in accordance with its terms.

10.4.3 Refined Products Offtake Agreements and Lifting and Marketing Agreements

Saudi Aramco is the exclusive offtaker and marketer of the Company's refined products.

10.4.3.1 Phase I Refined Products Offtake Agreement

On June 13, 2019G, the Company entered into a Phase I Refined Products Offtake Agreement (RPOA) with Saudi Aramco as a **"Buyer"** of certain refined products listed therein produced by the complex. The RPOA is valid for 5 years commencing from May 1, 2019G, and is further extendable for another 5 year period.

10.4.3.2 Sulphur and Refined Products Lifting and Marketing Agreement

On June 13, 2019G, the Company entered into a Sulphur and Refined Products Lifting and Marketing Agreement (SRPLMA) with Saudi Aramco as a global **"marketer"** of certain refined products listed therein produced by the Complex. The SRPLMA is valid for 5 years commencing from May 1, 2019G, and is further extendable for an additional 5 year period.

10.4.3.3 Phase 2 Light Naphtha Offtake Agreement

On 22 November 2021G the Company as **"Seller"** and Saudi Aramco as **"Buyer"** entered into an offtake agreement with respect to the sale and purchase of light naphtha (Phase 2 Light Naphtha Offtake Agreement). The agreement remains in effect until 30 November 2028G and may be extended for a period of five years. The sale of the light naphtha shall occur pursuant to the terms of this agreement, subject to the requirements of applicable law.

10.4.3.4 Phase 2 Saudi Aramco Refined Product Lifting and Marketing Agreement

On 16 March 2015G the Company (as Seller) and Saudi Aramco (as Marketer) entered into the Liquefied Petroleum Gas and Light Naphtha Lifting and Marketing Agreement. Pursuant to this agreement (as amended on 22 November 2021G), Saudi Aramco markets Liquefied Petroleum Gas (and Light Naphtha only in the instance where the Phase 2 Light Naphtha Offtake Agreement ceases to apply).

10.4.4 Lifting and Marketing Agreements for Petro Rabigh Petrochemical Products

Saudi Aramco and Sumitomo Chemical (through their affiliates) are the sole Marketers of the Company's petrochemical products. Other than the lifting and marketing agreements entered into with these parties, the Company does not have any other offtake or lifting and marketing agreements.

Set out below is the current structure of the petrochemical products' marketing arrangements.

#	Petrochemical Product	Marketer
Phase 1 Products (Initial Facilities)		
1.	Linear Low Density Polyethylene (LLDPE)	- SABIC - Sumitomo Chemical Asia
2.	Easy Processing Polyethylene (EPPE)	- SABIC - Sumitomo Chemical Asia
3.	Propylene Oxide (PO)	- Sumitomo Chemical Asia*
4.	Polypropylene (PP)	- SABIC - Sumitomo Chemical Asia
5.	High Density Polyethylene (HDPE)	- SABIC - Sumitomo Chemical Asia
6.	Mono Ethylene Glycol (MEG)	- SABIC*
Phase 2 Products (Expansion Facilities)		
7.	Paraxylene (PX)	- ATC - Sumitomo Chemical Asia
8.	Benzene (BZ)	- ATC - Sumitomo Chemical Asia
9.	Phenol (PL)	- SABIC - Sumitomo Chemical Asia
10.	Acetone (AC)	- SABIC - Sumitomo Chemical Asia
11.	Low Density Polyethylene (LDPE)	- SABIC - Sumitomo Chemical Asia
12.	Nylon-6	- SABIC - Sumitomo Chemical Asia
13.	Ethylene Vinyl Acetate (EVA)	- SABIC - Sumitomo Chemical Asia
14.	Ethylene Propylene Rubber (EPR)	- ARX - Sumitomo Chemical Asia
15.	Thermo Plastic Olefin (TPO)	- SABIC - Sumitomo Chemical Asia
16.	Methyl Methacrylate (MMA)	- SABIC - Sumitomo Chemical Asia
17.	Poly Methyl Methacrylate (PMMA)	- SABIC - Sumitomo Chemical Asia
Phase 1 & Phase 2 Products (Initial and Expansion Facilities)		
18.	Domestic Distribution Agreement (DDA)	SABIC

* Subject to a temporary swap arrangement whereby SCA's rights and obligations to lift and market mono ethylene glycol have been transferred to SABIC, and SABIC's rights and obligations to lift and market propylene oxide have been transferred to SCA.

10.4.4.1 Phase I (Initial Facilities) Petrochemical Products Marketing Agreements

The Company entered into the Petrochemical Products Marketing Agreements (**Initial Facilities PPMA**) with Saudi Aramco and SCA as global “**Marketers**” of Phase I petrochemical products produced by the Complex dated 11 March 2006G (amended and restated on 1 April 2014G). The Saudi Aramco Initial Facilities PPMA have subsequently been novated on several occasions, on 28 March 2017G, 11 February 2020G and 5 October 2021G, in each instance to a Saudi Aramco Affiliate. We set out below the list of Initial Facilities PPMA.

Phase I (Initial Facilities) Petrochemical Product Marketing and Lifting Agreements – Saudi Aramco Marketing Agreements			
No	Name of the Agreement	Date of latest amendment/ novation	Current Counterparty – marketer*
1.	Saudi Aramco Easy Processing Polyethylene Marketing Agreement between the Company (as Seller) and Saudi Aramco (as Marketer) dated 11 March 2006G	novated on 5 October 2021G	novated to SABIC
2.	Saudi Aramco High Density Polyethylene Marketing Agreement between the Company (as Seller) and Saudi Aramco (as Marketer) dated 11 March 2006G	novated on 5 October 2021G	novated to SABIC
3.	Saudi Aramco Linear Low Density Polyethylene Marketing Agreement between the Company (as Seller) and Saudi Aramco (as Marketer) dated 11 March 2006G	novated on 5 October 2021G	novated to SABIC
4.	Saudi Aramco Mono Ethylene Glycol Marketing (MEG) Agreement between the Company (as Seller) and Saudi Aramco (as Marketer) dated 11 March 2006G **	novated on 5 October 2021G	novated to SABIC
5.	Saudi Aramco Polypropylene Marketing Agreement between the Company (as Seller) and Saudi Aramco (as Marketer) dated 11 March 2006G	novated on 5 October 2021G	novated to SABIC
6.	Saudi Aramco Propylene Oxide (PO) Marketing Agreement between the Company (as Seller) and Saudi Aramco (as Marketer) dated 11 March 2006G**	novated on 5 October 2021G	novated to SABIC

* Saudi Aramco guarantees the obligations of SABIC.

** Subject to a temporary swap arrangement whereby SCA's rights and obligations to lift and market mono ethylene glycol have been transferred to SABIC, and SABIC's rights and obligations to lift and market propylene oxide have been transferred to SCA.

Phase I (Initial Facilities) Petrochemical Product Marketing and Lifting Agreements – Sumitomo Chemical Marketing Agreements			
No	Name of the Agreement	Date of latest amendment	Current Counterparty – marketer*
1.	Sumitomo Chemical Easy Processing Polyethylene Marketing Agreement between the Company (as Seller) and Sumitomo Chemical Asia PTE. Ltd (as Marketer) dated 11 March 2006G	1 April 2014G	Sumitomo Chemical Asia PTE. Ltd
2.	Sumitomo Chemical High Density Polyethylene Marketing Agreement between the Company (as Seller) and Sumitomo Chemical Asia PTE. Ltd (as Marketer) dated 11 March 2006G	1 April 2014G	Sumitomo Chemical Asia PTE. Ltd
3.	Sumitomo Chemical Linear Low Density Polyethylene Marketing Agreement between the Company (as Seller) and Sumitomo Chemical Asia PTE. Ltd (as Marketer) dated 11 March 2006G	1 April 2014G	Sumitomo Chemical Asia PTE. Ltd
4.	Sumitomo Chemical Mono Ethylene Glycol (MEG) Marketing Agreement between the Company (as Seller) and Sumitomo Chemical Asia PTE. Ltd (as Marketer) dated 11 March 2006G**	1 April 2014G	Sumitomo Chemical Asia PTE. Ltd
5.	Sumitomo Chemical Polypropylene Marketing Agreement between the Company (as Seller) and Sumitomo Chemical Asia PTE. Ltd (as Marketer) dated 11 March 2006G	1 April 2014G	Sumitomo Chemical Asia PTE. Ltd
6.	Sumitomo Chemical Propylene Oxide (PO) Marketing Agreement between the Company (as Seller) and Sumitomo Chemical Asia PTE. Ltd (as Marketer) dated 11 March 2006G**	1 April 2014G	Sumitomo Chemical Asia PTE. Ltd

* Sumitomo Chemical guarantees the obligations of SCA.

** Subject to a temporary swap arrangement whereby SCA's rights and obligations to lift and market mono ethylene glycol have been transferred to SABIC, and SABIC's rights and obligations to lift and market propylene oxide have been transferred to SCA.



The Initial Facilities PPMA's are valid for 10 years commencing from 1 April 2014G, and are further extendable for another two consecutive 5 year periods.

The Initial Facilities PPMA's are on substantially the same terms as the polypropylene marketing agreement described below.

10.4.4.2 Polypropylene Marketing Agreements (Initial Facilities)

The polypropylene marketing agreements are agreements: (a) between SABIC (a "**Marketer**") (novated) and the Company (the "**Seller**"), and (b) between SCA (a "**Marketer**") and the Company (the "**Seller**").

Pursuant to these arrangements, SABIC and SCA have the exclusive right to lift and market the product in all territories, except the Company territory. A Marketer shall also provide, at its own expense, certain technical services to promote the marketing of the product.

Each Initial Facilities Marketing Agreement is for a period of ten (10) years from 1 April 2014G and shall be automatically extended for two consecutive five (5) years period following good faith discussions which would start two (2) contract years prior to the end of the initial term.

SABIC and SCA shall pay the Company the selling price per ton agreed with the final customer less a marketing fee.

10.4.4.3 Phase II (Expansion Facilities) Petrochemical Products Marketing Agreements

On March 16, 2015G, the Company entered into Petrochemical Products Marketing Agreements (**Expansion Facility PPMA**) with Saudi Aramco and SCA as global "**Marketers**" of Phase II petrochemical products produced by the Complex. The Saudi Aramco Expansion Facility PPMA have subsequently been novated, on 5 October 2021G, to a number of Saudi Aramco's Affiliates. We set out below the list of Expansion Facility PPMA below.

Phase II (Expansion Facilities) Petrochemical Product Marketing and Lifting Agreements			
No	Name of the Agreement	Date of latest amendment/ novation	Current Counterparty – marketers*
1.	Acetone Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers	5 October 2021G	Sumitomo Chemical Asia PTE SABIC
2.	Benzene Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers	5 October 2021G	Sumitomo Chemical Asia PTE ATC
3.	Ethylene Propylene Rubber Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE Arlanxco Netherlands B.V. (ARX)
4.	Ethylene Vinyl Acetate Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE SABIC
5.	Low Density Polyethylene Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE SABIC
6.	Methyl Methacrylate Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE SABIC
7.	Nylon-6 Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE SABIC

Phase II (Expansion Facilities) Petrochemical Product Marketing and Lifting Agreements			
No	Name of the Agreement	Date of latest amendment/ novation	Current Counterparty – marketers*
8.	Paraxylene Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE ATC
9.	Phenol Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE SABIC
10.	Poly Methyl Methacrylate Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE SABIC
11.	Thermo Plastic Olefin Marketing Agreement between Company as Seller and Saudi Aramco and Sumitomo Chemical Asia PTE as Marketers dated 16 March 2015G	5 October 2021G	Sumitomo Chemical Asia PTE SABIC

* Saudi Aramco guarantees the obligations of SABIC, ARX and ATC. Sumitomo guarantees the obligations of SCA.

The agreements are valid for 10 years commencing from the accumulated production date and is further extendable for another 5-year periods.

The Expansion Facilities Marketing Agreements are on substantially the same terms as the paraxylene marketing agreement described below.

10.4.4.4 Paraxylene Marketing Agreement (Expansion Facilities)

The paraxylene marketing agreement is an agreement between the Company as the seller, ATC (novated) and SCA as Marketer.

Pursuant to this agreement, ATC and SCA have the exclusive right to lift and market their respective allocated quantities of the product in all territories except the Company territory.

Each Expansion Facilities Marketing Agreement is for a period of ten (10) years from the accumulated production date, which shall be, with respect to the paraxylene, the date on which the Petro Rabigh Complex has produced certain quantity of product that conforms to the specifications. The relevant figures apply for the other Expansion Facility Marketing Agreements

10.4.5 Domestic Distribution Agreement

The Company entered into a Domestic Distribution Agreement (DDA) with Saudi Aramco Products Trading Company as local “Distributor” on 3 October 2018. Pursuant to the terms of the DDA, the Company supplies certain petrochemical products to the Distributor for onward sale and distribution within the Kingdom. The supply and distribution obligations of each party with respect to a given product will terminate upon the expiration or termination of the relevant petrochemical marketing agreement corresponding to the same product. The DDA has subsequently been novated to SABIC on 5 October 2021.

10.4.6 Water and Energy Conversion Agreement

The Petro Rabigh Complex receives water, steam and power from the IWSPP pursuant to the WECA. Part of the proceeds raised for the Rabigh Project are on-lent to RAWEC to finance the construction of the IWSPP.

The WECA is a tolling arrangement under which sea water and heavy fuel oil are provided by the Company, free of charge, in return for the provision of the required facilities by RAWEC.

The term of the WECA is for a period of twenty-five (25) years from the date determined as the commercial operational date of the Expansion Facilities, with an option to extend for an additional five (5) years. The Company has confirmed that the commercial operational date of the Expansion Facilities was achieved on 10 August 2018.



10.4.7 Services Agreements

The Company has entered into certain services agreements with the founding shareholders, their affiliates and partners in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These agreements also cover the ongoing technical support needed for continuous operations, being provided by Saudi Aramco, the ongoing enhancements (such as refining and petrochemical process know-how) being provided by Sumitomo Chemical and the marketing technical services, engineering and safety best practices and training being provided by both founding shareholders. The Company pays for these services at the mutually agreed prices specified in each agreement.

10.4.8 Technology and Licensing

The Company has entered into agreements with selected technology licensors, under which the Company has licensed the relevant technologies to be used in the process units forming as part of the Company's projects. In addition to technology transfer agreements with Sumitomo Chemical, the Company has entered into technology transfer agreements and license agreements with third party technology licensors which the Founding Shareholders have identified as developers and suppliers of technologies relevant for the purpose of carrying out the Company's projects. The technology transfer agreements and license agreements entered into by the Company are on substantially the same terms.

10.4.9 Information Technology and Software Agreements

The Company has entered into a number of agreements in relation to the provision of information technology services and maintenance of electronic devices and software used by the Company in its operational activities, including, but not limited to, services in relation to interconnection and maintenance of computers, support services in relation to software and other information technology infrastructure.

10.4.10 Lease Agreements

10.4.10.1 Rabigh Refinery Complex Lease Agreement

The Company entered into a land lease agreement on November 1, 2005, with Saudi Aramco, which has been amended and restated on 16 March 2015 under which Saudi Aramco granted the Company exclusive right in the site on which the Rabigh I Project and Rabigh II Project complexes are located for use, access and occupancy, and a non-exclusive rights to use, access and occupy other relevant facilities such as the pipeline corridor. The lease term is for a period of ninety-nine (99) years starting from November 1, 2005 with an option to extend by mutual agreement of the parties.

The Company shall pay Saudi Aramco a rent amount of US\$ 0.54 per meter per annum, payable in advance on or before 1 January each year. The Company and Saudi Aramco agree to adjust the rent as may be required by applicable law or to reflect the then-current industrial rates applicable to the industrial cities of Jubail and Yanbu in the Kingdom.

Upon the expiry of the term of the agreement or in case of early termination for event of default by the Company (e.g., by liquidating of the Company, abandonment of the projects or non-payment of rent) or termination for force majeure event, the Company must surrender the site to Saudi Aramco free of any occupancies created by the Company. For more details regarding the risks associated with this agreement, please refer to Section 2.1.14 ("**Risks Relating to Leases and not Owning the Lands on which the Company's Facilities are Located**").

10.4.10.2 Terminal Lease Agreement

The Company entered into a lease agreement with Saudi Aramco dated 2 March 2006 for the use of the terminal site and terminal facilities owned by Saudi Aramco and located within a close proximity to the Petro Rabigh Complex. Pursuant to this agreement, the Company uses the terminal site and terminal facilities for the approach, loading, discharge and depart of vessels, in accordance with certain exclusive rights granted to the Company by Saudi Aramco. The lease term is for 30 years effective from 2 March 2006.

The Company pays Saudi Aramco a rent amount of US\$ 0.27 per meter per annum for the use of the terminal site, and US\$ 5,100,000 per annum for the use of the terminal facilities. The rent may be adjusted from time to time by applicable law or to reflect the then-current industrial rates available in industrial cities of Jubail and Yanbu in the Kingdom, provided however that any such adjustment shall only occur simultaneously with the adjustment of the rent payable by the Company to Saudi Aramco in accordance with the Rabigh Refinery Complex Lease Agreement referred to in Section 10.4.10.1 above.



Upon the expiry of the term of the agreement or in case of early termination for event of default by the Company (e.g., by liquidating of the Company, abandonment of the Rabigh I and II Projects, or non-payment of rent) or termination for force majeure event, the Company must surrender the site to Saudi Aramco free of any occupancies created by the Company. For more details regarding the risks associated with this agreement, please refer to Section 2.1.14 ("**Risks Relating to Leases and not Owning the Lands on which the Company's Facilities are Located**").

10.4.10.3 Rabigh Community Lease Agreement

The Company entered into a lease agreement with Saudi Aramco originally on 1 October 2008 and restated and amended such agreement of 1 October 2014, in respect of leases of land and infrastructure facilities for the Rabigh Community. Pursuant to this agreement, the Company leases the land and finance lease the facilities on the land. The lease term is for 25 years effective from 1 October 2014.

The Company shall pay Saudi Aramco a rent amount of USD 9,253,570 annually. This amount represents a lease of the lands charge of USD 4,410,000 and a chase for the finance lease of the facilities for USD 4,843,570.

Upon the expiry of the term of the agreement, the ownership of the facilities will transfer to the Company. The Company and Saudi Aramco may then extend the lease of the land further based on rent amount to be agreed at the time.

Upon the termination of the agreement for end of term without renewal, for event of default by the Company (e.g., by liquidating of the Company, abandonment of the Rabigh Community, or non-payment of rent), termination for force majeure event or termination because of the government's withdrawal of the grant of the land to Saudi Aramco, the Company must surrender the site to Saudi Aramco free of any occupancies created by the Company or demolish the facilities (as elected by Saudi Aramco). For more details regarding the risks associated with this agreement, please refer to Section 2.1.14 ("**Risks Relating to Leases and not Owning the Lands on which the Company's Facilities are Located**").

10.4.10.4 PlusTech Park Lease Agreement

The Company entered into land lease agreement on 2 November 2021 with Saudi Aramco (as the owner of the land upon which PlusTech Park is situated), whereby Saudi Aramco grants the Company the exclusive right to access, occupy and use the land on which the PlusTech Park is located. The lease term is for a period of thirty-five (35) years starting from 1 October 2021, with an option to extend by mutual agreement of the parties.

The Company is required to pay Saudi Aramco a rent amount of US\$ 0.27 per meter per annum. The Company and Saudi Aramco agree to adjust the rent as may be required by applicable law or to reflect the then-current industrial rates applicable to the industrial cities of Jubail and Yanbu in the Kingdom.

Upon the expiry of the term of the agreement or in case of early termination for event of default by the Company (e.g., by liquidating of the Company, abandonment or non-payment of rent) or termination for force majeure event, the Company must surrender the site to Saudi Aramco free of any occupancies created by the Company. For more details regarding the risks associated with this agreement, please refer to Section 2.1.14 ("**Risks Relating to Leases and not Owning the Lands on which the Company's Facilities are Located**").

10.4.10.5 Metering Facility Lease and Operation and Maintenance Agreement

The Company entered into a Metering Facility Lease and Operation and Maintenance Agreement with Saudi Aramco dated 01 July 2020, in relation to leasing the custody transfer meter and relevant pipelines which are close to the sales gas delivery point that Saudi Aramco owns, operate and maintain to the Company. The purpose of the lease is to allow the Company to utilize the meter to receive, meter and measure the quantity of gas delivery by Saudi Aramco to the Company. The term of the lease is 20 years from the effective date, which is the date the Company notifies to Said Aramco after the meter commissions operations and Saudi Aramco provides a commissioning certificate to the Company.

The Company shall pay Saudi Aramco a rent amount of SAR 578,020.22, subject to change by Saudi Aramco after the mechanical completion of the merger. Further, the Company shall pay an operation and maintenance fees of SAR 120,000 monthly.

10.5 Rabigh PlusTech Park Acquisition

On 1 October 2021, the Company acquired the assets comprising the Rabigh PlusTech Park from Saudi Aramco and Rabigh Conversion Industry Management Services Co. (RCIMS) (a wholly owned subsidiary of Sumitomo Chemical). For more details about the RPTP, please see Section (4.10) ("Rabigh PlusTech Park"). In relation to PlusTech Park, the Company is party to multiple agreements as summarized below:

10.5.1 Rabigh PlusTech Park Land Lease Agreement with Saudi Aramco.

For more details, please review Section (10.4.10.4) above.

10.5.2 Rabigh PlusTech Park Asset Transfer Agreement and Lease Agreement with Saudi Aramco

The Company entered into an asset transfer and land lease agreement on November 2, 2021 with Saudi Aramco (as the joint legal and beneficial owner of PlusTech Park) whereby Saudi Aramco agreed to transfer its ownership, rights, title, and interest in PlusTech to the Company with effect from October 1, 2021, in exchange for US \$100 in cash.

10.5.3 Rabigh PlusTech Park Asset Transfer Agreement with RCIMS

The Company entered into an asset transfer agreement on November 2, 2021 with RCIMS (as the joint legal and beneficial owner of PlusTech Park) whereby RCIMS agreed to transfer its ownership, rights, title, and interest in PlusTech to the Company with effect from October 1, 2021, in exchange for US \$100 in cash.

10.5.4 Lease Agreements with Tenants

Saudi Aramco and RCIMS, as the previous owners of the PlusTech Park, entered into 11 lease agreements with 11 tenants in the PlusTech Park. After the acquisition by the Company, Saudi Aramco and RCIMS novated these lease agreements to the Company. The Company has also entered into utilities supply agreements and other agreements with the tenants.

10.6 Other material agreements

10.6.1 Rabigh Complex Project Asset Transfer Agreement

The Company entered into an asset transfer agreement on February 21, 2006 with Saudi Aramco pursuant to which Saudi Aramco agreed to transfer to the Company the ownership, rights, title, and interest in the, inter alia, Rabigh Refinery Plant. As consideration, the Company paid USD 230,000,000 including the additional amounts for the quantity of the hydrocarbon inventory assets at the transfer date. The agreement can be terminated by mutual written agreement by the parties.

10.6.2 Environmental Liability Indemnification Agreement (ELIA)

The Company entered into the ELIA on 1 November 2005 with Saudi Aramco and SCC. The ELIA is valid until the 10th anniversary of the date on which the Land Lease Agreement (See Section 10.4.10.1) terminates, or the Company ceases to be the lessee under such agreement. In respect to any part of the Rabigh terminal site or terminal facilities, until the 10th anniversary of the terminal lease surrender date for each party. Saudi Aramco indemnifies the Company and SCC under the ELIA for various environmental conditions, including any pre-existing conditions.

Pursuant to the terms of ELIA, Saudi Aramco will defend, indemnify and hold harmless the Company and Sumitomo with respect to (i) costs (including remediation costs), (ii) losses, (iii) liabilities (including fines or penalties imposed under Environmental Law, claims (including third party claims) and (iv) expenses (including reasonable attorneys' fees) suffered or incurred by them as a result of: (a) any noncompliance of the existing Rabigh Refinery Plant; (b) any pre-existing environmental condition; (c) any environmental condition at or arising from the (i) Crude Oil Storage Area, (ii) ownership or operation of the Crude Oil Pipeline, (iii) crude oil supply and export activities undertaken by Saudi Aramco or its contractors at the Rabigh Complex Site or (iv) Saudi Aramco Facilities or exercise by Saudi Aramco or its contractors of the reservations; (d) any environmental condition at or arising from Rabigh Industrial Site; (e) any environmental condition at or arising from the area of land subject to the pipeline Corridor; (f) Any environmental condition at or arising from the Rabigh Desalination Plant prior to the date such assets are acquired by the Company; (g) any Saudi Aramco Construction Environmental Condition other than to the extent resulting from any environmental condition for which the company is providing an indemnity; and (h) any environmental condition at or arising from the pipeline facilities to the extent such environmental condition is caused by negligence or willful misconduct of, or breach of the Pipelines Operations and Maintenance Agreement by Saudi Aramco or its contractors in connection with Saudi Aramco's operations and maintenance of the pipeline

facilities which negligence, willful misconduct or breach occurs during the period of time when Saudi Aramco is contracted with the Company to operate and maintain the pipeline facilities.

Pursuant to the terms of ELIA, the Company will indemnify defend, indemnify and hold harmless Saudi Aramco and Sumitomo with respect to (i) costs (including remediation costs), (ii) losses, (iii) liabilities (including fines or penalties imposed under Environmental Law, claims (including third party claims) and (iv) expenses (including reasonable attorneys' fees) suffered or incurred by them as a result of the following: (a) any environmental condition to the extent resulting from acts, omissions or occurrences at or arising from the Rabigh Complex or some other sites or any events thereon (except the pipeline facilities) after the Refinery transfer date but on or prior to the Land Lease Agreement termination date and with respect to any part of the Rabigh terminal facilities or the Rabigh terminal site, after the Refinery transfer date but on or prior to the terminal lease surrender date in respect of such part; (b) any pre-existing environmental condition following the expiration of the term of certain Saudi Aramco indemnity obligations (i.e., ten years following the Refinery transfer date); (c) any Company construction and operation environmental condition; (d) any environmental condition at or arising from the pipeline facilities on or prior to the Land Lease Agreement termination date; (e) any environmental condition to the extent resulting from the overseas; (f) any environmental condition at or arising from the Rabigh IWSP on or prior to the Land Lease Agreement termination date; and (g) any environmental condition at or arising from the Rabigh desalination plant after such assets are acquired by the Company but on or prior to the Land Lease Agreement termination date.

10.7 Disputes

Other than as disclosed in the Section below, the Directors and management of the Company confirm that the Company is not involved, as at the date of this Prospectus, in any litigation, arbitration or administrative proceedings that would, individually or in aggregate, have a material adverse effect on its financial condition and result of operations.

As at the date of this Prospectus, the Company is involved in one lawsuit filed against the Company (as the defendant) with total claimed amount of approximately SAR 317,980,135. Furthermore, as of the date of this Prospectus, there are no ongoing cases filed by the Company (as the claimant).

The case is a dispute between the Company and the Saudi Electricity Company (SEC) before the Disputes Resolution Committee under WERA in Saudi Arabia for an amount of SAR 317,980,135. SEC alleges that the Company has breached the terms of the Addendum to the Power Supply Agreement which has a limit of 130MW power import from SEC Grid in 2018. SEC has also invoiced alleged excess Grid Utilization fee for 2019 and 2020. The invoices issued by the SEC included a penalty at 300% on Grid Utilization Fee for 2018. Grid Utilization Fee for 2019 and 2020 were invoiced based on 450MW and 476.8MW respectively, instead of 130MW. The Company subsequently paid the consumption charges and the undisputed Grid Fee based on 130MWs in the amount of SAR 56,446,269. A decision was issued against the Company and the Company has filed an appeal against the Committee's decision on several grounds with the Administrative Court at the Board of Grievances, and the case is now before the court. The Company did not include a provision in its financial statements for the above case.

10.7.1 Unenforced Judgements in Favour of the Company

In 2015, the Company brought a lawsuit against Veritas FZE, UAE (Veritas) in the Dubai courts to reclaim amounts related to variance between a letter of credit and a bill of lading in relation to a supply agreement between the parties. The Company won the case, and a judgement was issued on 31 May 2015 requiring Veritas to pay the Company USD 7,329,820.82, (being SAR 27,486,828.08) plus interest. The Company has made full provision against the exposure amount in its financial statements and is currently pursuing enforcement of the judgement.

10.7.2 Ongoing payment for settlements amounts

In February 2018, the Company settled various claims brought by RAWEC under the Amended and Restated WECA dated 9 March 2015. The settlement amount agreed was approximately SAR 28,000,000, which the parties agreed to be paid by the Company over a period of 25 years as adjustment of the utility tariff paid to RAWEC.

10.8 Penalties

Below is a summary of the penalties the Company has been subject to any penalties by regulators during the years that ended 31 December 2018G, 31 December 2019G and 31 December 2020G and the period ending on 30 September 2021.

10.8.1 Penalty by the General Authority of Meteorology and Environmental Protection

In July 2019G, a final decision by the Board of Grievances confirmed a fine of SAR 10,000 as a result of the Company not allowing the entry of the General Authority of Meteorology and Environmental Protection officers to inspect the Company's facilities in Rabigh. The fine has been paid by the Company.

10.8.2 Penalties by the ZATCA

On 18 November 2018G, the Customs Appeal Committee rejected an appeal by the Company and confirmed a fine of SAR 1,394,815.51 on the Company for attempting to smuggle diesel on the ship of a customer. The Company has paid this fine in two installments; SAR 1,000,000 on 15/01/2017; and SAR 394,815.51 on 09/02/2018G.

In May 2019G, the Customs Authority confiscated goods of the Company on the basis of wrong customs codes. The Company paid the amount of SAR 401,000. The Customs Preliminary Review Committee has found the Company guilty of smuggling and imposed a fine of SAR 118,369. The fine is not paid as the Company is currently appealing it.

10.9 Insurance

The Company has entered into various insurance policies effecting a range of insurance coverage which the Company believes is appropriate for the Company's business. The following table sets out the key particulars of the insurance policies held by the Company:







Table (10.22): Insurance Summary








#	Insurance Company	Type of coverage	Maximum insurance cover- age	Coverage period
1.	Wala Cooperative Company	Comprehensive General Liability Insurance	USD 25,000,000	1st of October 2020G to 30th September 2022G
2.	Wala Cooperative Insurance Company	Property Insurance	SAR1,331,100,311.25	1st of October 2020G to 30th September 2022G
3.	Tawuniya Cooperative	Directors & Officers Insurance	USD 20,000,000	1st of October 2020G to 30th September 2022G
4.	Wala Cooperative Insurance Company	Marine Vessels Insurance	USD 200,000	1st of October 2020G to 30th September 2022G
5.	Wala Cooperative Insurance Company	Third Party Liability	USD 100,000,000	1st of October 2020G to 30th September 2022G
6.	Wala Cooperative Insurance Company	Property Damage & Business Interruption	USD 2,500,000,000	1st of October 2020G 30th September 2022G

10.10 Trademarks

The Company does not own any trademarks in the Kingdom. As to outside of the Kingdom, PRC has a number of trademarks registered under its name as follows:

Table (10.23): Registered Trademarks

#	Trademark	Country	Class	Registration Number	Date of Registration	Protection Expiry Date
1-	PETRORABIGH	Argentina	1	3018448	28/5/2008	28/5/2028
2-	PETRORABIGH	Argentina	4	3018450	28/5/2008	28/5/2028
3-	بترو رابغ	Argentina	1	2989081	17/4/2008	17/4/2028
4-	بترو رابغ	Argentina	4	2989083	17/4/2008	17/4/2028
5-	بترو رابغ	Brazil	1	829482857	27/9/2011	27/9/2031
6-	بترو رابغ	Brazil	4	829482849	22/10/2013	22/10/2023
7-	PETRORABIGH	Brazil	1	829214771	10/11/2009	10/11/2029
8-	PETRORABIGH	Brazil	4	829214879	29/12/2009	29/12/2029
9-		Brazil	1	829147055	15/12/2009	15/12/2029
10-		Brazil	4	829147047	15/12/2009	15/12/2029
11-	PETRORABIGH	Benelux	1+4	836590	16/1/2008	27/6/2027
12-	بترو رابغ	Benelux	1+4	828232	7/11/2007	6/7/2027
13-		Benelux	1+4	826519	5/10/2007	6/7/2027
14-	بترو رابغ	Switzerland	1+4	561878	20/9/2007	18/5/2027
15-		Switzerland	1+4	561879	20/9/2007	18/5/2027
16-	 Petro Rabigh	Switzerland	1+4	571963	23/5/2008	30/4/2028
17-	PetroRabigh	Germany	1+4	30744000	12/9/2007	31/7/2027
18-	بترو رابغ	Germany	1+4	30745145	10/5/2007	31/7/2027
19-	بترو رابغ Petro Rabigh 	Germany	1+4	302010043413	23/11/2010	31/7/2030
20-	PETRORABIGH	Spain	1+4	2780481	28/1/2008	29/6/2027

























#	Trademark	Country	Class	Registration Number	Date of Registration	Protection Expiry Date
21-	بترو رابغ	Spain	1+4	2770365	21/11/2007	4/5/2027
22-		Spain	1+4	2770368	21/11/2007	4/5/2027
23-	PETRORABIGH	France	1+4	73510620	23/6/2008	2/7/2027
24-	بترو رابغ	France	1+4	73501302	26/10/2007	21/5/2027
25-		France	1+4	73501304	26/10/2007	21/5/2027
26-	PETRORABIGH	United Kingdom	1+4	2464354	15/8/2007	15/8/2027
27-	بترو رابغ	United Kingdom	1+4	2464353	15/8/2007	15/8/2027
28-		United Kingdom	1+4	2464355	15/8/2007	15/8/2027
29-	PETRORABIGH	Mexico	1	999515	22/8/2007	3/7/2027
30-	PETRORABIGH	Mexico	4	999516	22/8/2007	3/7/2027
31-	بترو رابغ	Mexico	1	994118	23/7/2007	22/5/2027
32-	بترو رابغ	Mexico	4	994589	24/7/2007	22/5/2027
33-		Mexico	1	1031928	24/3/2008	17/12/2027
34-		Mexico	4	1037610	29/4/2008	17/12/2027
35-	PETRORABIGH	Russia	1+4	362605	21/10/2008	28/6/2027
36-	بترو رابغ	Russia	1+4	366105	1/12/2008	24/5/2027
37-		Russia	1+4	355550	23/7/2008	24/5/2027
38-		United States of America	1+4	429586	26/2/2013	26/2/2023
39-	بترو رابغ	United States of America	1+4	4154276	5/7/2012	5/7/2022
40-	PETRORABIGH	United States of America	1+4	4237946	6/11/2012	6/11/2022

#	Trademark	Country	Class	Registration Number	Date of Registration	Protection Expiry Date
41-	PETORABIGH	Japan	1+4	5101459	28/12/2007	28/12/2027
42-	بترو رابغ	Japan	1+4	5084478	19/10/2007	19/10/2027
43-		Japan	1+4	5167198	19/9/2008	19/9/2028
44-		China	1	5599224	28/10/2009	27/10/2029
45-		China	4	6021670	14/1/2010	13/1/2030
46-		China	1	6021669	21/1/2010	20/1/2030
47-		China	4	6021668	14/1/2010	13/1/2030
48-	乐必顾	China	1	5599222	28/10/2009	27/10/2029
49-	乐必顾	China	4	6404707	28/3/2010	27/3/2030
50-	乐必顾炼化	China	1	5599223	28/10/2009	27/10/2029
51-	乐必顾炼化	China	4	6404706	28/3/2010	27/3/2030
52-	拉比格	China	1	5599220	28/10/2009	27/10/2029
53-	拉比格	China	4	6404725	28/3/2010	27/3/2030
54-	拉比格炼化	China	1	5599221	28/10/2009	27/10/2029
55-	拉比格炼化	China	4	6404710	28/3/2010	27/3/2030
56-	Device Mark in color 	China	1	6021671	7/3/2011	6/3/2031
57-	Device Mark in color 	China	4	6021581	28/1/2011	27/1/2031
58-	Petro Rabigh with its Arabic letter & Device Mark in color 	China	1	8005627	21/8/2012	20/8/2022
59-	Petro Rabigh with its Arabic letter & Device Mark in color 	China	4	8005626	7/8/2012	6/8/2022
60-		Bangladesh	4	107453	10/07/2007	10/07/2024



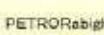
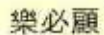




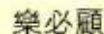




#	Trademark	Country	Class	Registration Number	Date of Registration	Protection Expiry Date
61-	Device Mark on color (Petro Rabigh) 	Bangladesh	1	106740	06/06/2007	06/06/2024
62-	Petro Rabigh in Arabic letter: 	Bangladesh	1	106742	06/06/2007	06/06/2024
63-	PETRO Rabigh 	Hong Kong	1	300716841	07/09/2006	06/09/2026
64-	樂必顧 	Hong Kong	1	300716823	07/09/2006	06/09/2026
65-	樂必顧煉化 	Hong Kong	1	300716832	07/09/2006	06/09/2026
66-	拉比格 	Hong Kong	1	300716805	07/09/2006	06/09/2026
67-	拉比格煉化 	Hong Kong	1	300716814	07/09/2006	06/09/2026
68-	Petro Rabigh 	Hong Kong	1	300910179	11/07/2007	10/07/2027
69-	樂必顧 (1-1) 商標 	Hong Kong	4	301004327	30/11/2007	29/11/2027
70-	樂必顧煉化 (1-1) 商標 	Hong Kong	4	301004336	30/11/2007	29/11/2027
71-	Petro Rabigh in Arabic letter: 	Hong Kong	1+4	301004345	30/11/2007	29/11/2027
72-	Device Mark in color (Petro Rabigh) 	Hong Kong	1+4	301005056	03/12/2007	02/12/2027
73-	Petro Rabigh in Arabic letter: 	India	1+4	1561814	24/05/2007	24/05/2027
74-	Device Mark in color (Petro Rabigh) 	India	1+4	1561815	24/05/2007	24/05/2027
75-	Petro Rabigh 	India	1+4	1579330	16/07/2007	16/07/2027
76-	Device Mark in color (Petro Rabigh) 	Indonesia	1+2+4	IDM000194264	13/06/2007	13/06/2027
77-	Petro Rabigh in Arabic letter: 	Indonesia	1+2+4	IDM000194263	13/06/2007	13/06/2027
78-	Petro Rabigh 	Indonesia	1+2+4	IDM000195365	16/08/2007	16/08/2027
79-	Petro Rabigh in Arabic letter: 	Malaysia	1	07009341	22/05/2007	22/05/2027
80-	Device Mark in color (Petro Rabigh) 	Malaysia	1	07009339	22/05/2007	22/05/2027
81-	Petro Rabigh in Arabic letter: 	Malaysia	4	07009342	22/05/2007	22/05/2027
82-	Device Mark in color (Petro Rabigh) 	Malaysia	4	07009340	22/05/2007	22/05/2027
83-	Petro Rabigh 	Malaysia	1	07013613	16/07/2007	16/07/2027



#	Trademark	Country	Class	Registration Number	Date of Registration	Protection Expiry Date
84-	Petro Rabigh in Arabic letter 	Pakistan	1	236820	25/05/2007	25/05/2027
85-	Device Mark in color (Petro Rabigh) 	Pakistan	1	236816	25/05/2007	25/05/2027
86-	Petro Rabigh in Arabic letter 	Pakistan	4	236819	25/05/2007	25/05/2027
87-	Device Mark in color (Petro Rabigh) 	Pakistan	4	236815	25/05/2007	25/05/2027
88-	Petro Rabigh 	Pakistan	1	238897	11/07/2007	11/07/2027
89-	Petro Rabigh 	Pakistan	4	238896	11/07/2007	11/07/2027
90-	Petro Rabigh 	Philippines	1+4	4-2007-500499	04/07/2007	14/01/2028
91-	Device Mark in color (Petro Rabigh) 	Philippines	1+4	4-2007-500372	16/05/2007	18/02/2028
92-	Petro Rabigh in Arabic letter 	Philippines	1+4	4-2007-500371	16/05/2007	09/06/2028
93-	Petro Rabigh in Arabic letter 	Singapore	1	T0711167H	22/05/2007	22/05/2027
94-	Device Mark in color (Petro Rabigh) 	Singapore	1	T0711169D	22/05/2007	22/05/2027
95-	Petro Rabigh in Arabic letter 	Singapore	4	T0711168F	22/05/2007	22/05/2027
96-	Device Mark in color (Petro Rabigh) 	Singapore	4	T0711170H	22/05/2007	22/05/2027
97-	Petro Rabigh 	Singapore	1	T07151761	09/07/2007	09/07/2027
98-	Petro Rabigh 	Singapore	4	T0715177G	09/07/2007	09/07/2027
99-	Petro Rabigh 	South Africa	1	2007/14423	04/07/2007	04/07/2027
100-	Petro Rabigh 	South Africa	4	2007/14424	04/07/2007	04/07/2027
101-	Petro Rabigh in Arabic letter 	South Africa	1	2007/12459	02/07/2007	02/07/2027
102-	Petro Rabigh in Arabic letter 	South Africa	4	2007/12460	02/07/2007	02/07/2027
103-	Device Mark in color (Petro Rabigh) 	South Africa	1	2007/12461	02/07/2007	02/07/2027
104-	Device Mark in color (Petro Rabigh) 	South Africa	4	2007/12462	02/07/2007	02/07/2027
105-	Petro Rabigh with its Arabic letter & Device Mark in color 	Thailand	1	TM295297	27/06/2007	26/06/2027
106-	Petro Rabigh with its Arabic letter & Device Mark in color 	Thailand	4	TM344976	27/06/2007	26/06/2027
107-	Petro Rabigh in Arabic letter 	Turkey	1+4	2007/322027	11/06/2007	11/06/2027



#	Trademark	Country	Class	Registration Number	Date of Registration	Protection Expiry Date
108-	Device Mark in color (Petro Rabigh) 	Turkey	1+4	2007/32028	11/06/2007	11/06/2027
109-	Petro Rabigh 	Turkey	1+4	2007/38177	12/07/2007	12/07/2027
110-	PETROBabigh 	Taiwan	1	1265708	12/09/2006	15/06/2027
111-	樂必顧 	Taiwan	1	1265707	12/09/2006	15/06/2027
112-	樂必顧煉化 	Taiwan	1	1271831	12/09/2006	31/07/2027
113-	Petro Rabigh in Arabic letter 	Taiwan	1+4	1299053	05/06/2007	15/01/2028
114-	拉比格煉化/Petro Rabigh in Arabic letter/Petro Rabigh & Device 	Taiwan	1+4	1317241	15/06/2007	30/06/2028
115-	拉比格/Petro Rabigh in Arabic letter/Petro Rabigh & Device in color 	Taiwan	1+4	13039315	15/06/2007	15/04/2028
116-	樂必顧 	Taiwan	4	1317565	23/11/2007	15/07/2028
117-	Device Mark in color (Petro Rabigh) 	Vietnam	1+4	116512	04/06/2007	04/06/2027
118-	Petro Rabigh with its Arabic Letter 	Vietnam	1+4	116637	26/06/2007	26/06/2027

10.11 The continuing obligations according to the requirements imposed by government agencies on the company as the license holder

10.11.1 Continuing obligations according to the requirements of the Ministry of Commerce

The Company is in compliance with the Commercial Register Law in terms of registration with the Commercial Registry Department of Commerce of Rabigh, where the company's head office is under certificate No. (4602002161) dated 15/08/14426H (corresponding to 19/09/2005G), which expires on 21/05/1444H (corresponding to 15/12/2022G).

The Company is also compliant with the Companies Law, and the Company's bylaws have been updated in line with the amendments made to the Companies Law.

The Company is in compliance with the Commercial Register Law in terms of registering for a membership in the Chamber of Commerce and Industry pursuant to membership no. (103333) dated 21/05/1439H (corresponding to 07/02/2018G) with Jeddah Chamber with the which expires on 21/05/1444H (corresponding to 15/12/2022G).



10.11.2 Continuing obligations according to the requirements of the Zakat, Tax and Customs Authority

The Company, like other registered establishments and companies operating in the Kingdom, is obliged to submit its Zakat and tax returns within 120 days of the end of the fiscal year for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority.

The Company is in compliance with the Value Added Tax Law and its implementing regulations in terms of registration with the Zakat, Tax and Customs Authority for the purposes of the value added tax, under tax identification No. (300153469600003), under the certificate issued on 15/05/1440H (corresponding to 21/01/2019G).

The Company is registered as a Zakat and tax payer under the distinctive number (3001534696) for the purposes of filing income tax and Zakat returns.

Company has submitted its income tax and Zakat returns up the financial year 2020. The Zakat, Tax and Customs Authority has requested certain information for the returns filed for the financial years 2019 and 2020, which the Company duly submitted. The tax and Zakat assessment has been finalized and the Company therefore obtained final tax and Zakat certificates for the financial years up to 2009 and for the financial years 2011 to 2016. For further details about other years, please review Section (10.12) "Company's Zakat and tax position".

10.11.3 Continuing obligations according to the requirements of the Ministry of Human Resources and Social Development

A file has been opened with the Ministry of Human Recourses and Social Development (the Labor Office) under No. (7001486898).

As of the date of this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development and a Saudization certificate was obtained on 22/07/1443H (corresponding to 23/02/2022G) under No. (20002202028581) to state that the Company is committed to the Saudization percentage required from it.

10.11.4 Continuing obligations according to the requirements of the General Organization for Social Insurance (GOSI)

The General Organization for Social (GOSI) issued a certificate No. (41909968) dated 27/03/1443H (corresponding to 02/11/2021G). The certificate states that the Company is registered under subscription No. (501090778) and has fulfilled its obligations towards the General Organization for Social (GOSI), in line with the information it has provided until the date on which the certificate has been issued.

10.11.5 Continuing obligations according to the requirements of the Ministry of Investment

The Company has a foreign (non-Saudi and non-GCC national) founding shareholder, and as such has obtained an industrial foreign investment license No. (11112905625) dated 15/08/1426H (corresponding to 19/09/2005G) from the Ministry of Investment (previously, the Saudi Arabian General Investment Authority), which expires on 14/05/1444H (corresponding to 08/12/2022G).

The Ministry of Investment requires licensed companies to comply with their licensing and not practice any other non-licensed activities, to continuously update their information, and other continuing obligations.

10.11.6 Continuing obligations according to the requirements of the Ministry of Industry and Mineral Resources

The Company has an industrial facility license from the Ministry of Industry and Mineral Resources under No. 25-01-1442 dated 25/01/1442H (corresponding to 13/09/2020G), which expires on 24/01/1445H (corresponding to 11/08/2023G).

The Ministry of Industry and Mineral Resources requires licensed companies to comply with their licensing and industrial laws, to refrain from amending the industrial project's capacity without the prior approval of the ministry, to provide periodic update and reports to the ministry and other continuing obligations.

10.11.7 Continuing obligations according to the requirements of the Saudi Authority for Industrial Cities and Technology Zones (MODON)

The Company has a temporary operation license issued on 03/03/1442H (corresponding to 20/10/2020G) by the Saudi Authority for Industrial Cities and Technology Zones (MODON), which expires on 23/03/1444H (corresponding to 19/10/2022G). This license includes some conditions and obligations where the licensee undertakes to comply laws, regulations, and instructions of the Saudi Authority for Industrial Cities and Technology Zones (MODON).

10.11.8 Continuing obligations according to the requirements of the Capital Market Authority

The Capital Market Authority requires listed companies such as the Company to comply with the Rules on the Offering of Securities and Continuing Obligations, the Corporate Governance Regulations, the Listing Rules and other rules and regulations issued by the Capital Market Authority, in particular the obligations of periodic disclosure of the material and financial developments and the annual board report.

The announcement forms described in the Instructions for Companies Announcements of companies' financial results must be adhered to, and the Company must also submit a statement of all the reasons and the effects of the change in the financial results of the current fiscal year with the comparison period, so that the reasons include all the items of the announcement of the financial results.

Furthermore, the Capital Market Authority issued the Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital, which regulates certain procedures and announcements for listed companies which suffer accumulated losses reaching 20% or more of their capital.

The Capital Market Authority also requires companies listed on the Exchange to disclose in stages their compliance with the transition to international accounting standards, which the Company has completed and announced the completion of which on the Exchange on 03/05/1438H (corresponding to 31/01/2017G).

10.12 Company's Zakat and tax position

The Company has submitted its income tax and Zakat returns up the financial year 2020. The tax and Zakat assessment has been finalized with the Zakat, Tax and Customs Authority for the financial years up to 2008 and for the financial years 2011 to 2016. For the remaining years, their status as at 31 December 2021G is as follows:

- **For the years 2009 and 2010:** The Zakat, Tax and Customs Authority raised additional demand for SAR 43,300,000 for 2009 and SAR 200,000 for 2010. The Company filed an appeal with the Tax Violations and Disputes Appellate Committee, and a first-instance judgement was issued to reduce this amount to SAR 31,400,000 for 2009 and nothing for 2010. The Company has appealed this decision and it is currently pending. It should be noted that the Company submitted a bank guarantee for an amount of 43,500,000, covering the full disputed amount.
- **For the years 2017 and 2018:** The Zakat, Tax and Customs Authority raised additional demand for SAR 100,700,000 for 2018 and SAR 10,500,000 for 2017. The Company filed an initial objection with the Zakat, Tax and Customs Authority, who upheld its assessment. The Company filed an objection with the General Secretariat of Tax Committees, which is currently pending.
- **For the year 2019:** Zakat, Tax and Customs Authority raised additional Zakat demand for SAR 11,500,000. The Company filed an initial objection with the Zakat, Tax and Customs Authority.
- **For the year 2020:** Zakat, Tax and Customs Authority raised additional Zakat demand for SAR 62,300,000. The Company filed an initial objection with the Zakat, Tax and Customs Authority.

Should the Company be obligated to pay all amounts mentioned above, the Company may recover SAR 56,200,000 for Zakat liability and SAR 700,000 for tax liability from the Founding Shareholders. For all amount above, the Company did not make any provision in its financial statements as it believes it has a strong position in the objections.

10.13 Material Changes to Information Disclosed in the Most Recent Prospectus

The following is a summary of the key material changes to the information disclosed in the most recent prospectus approved by the CMA, which was the Company's initial public offering prospectus issued on 06/12/1428H (corresponding to 16/12/2007G):

- **Bylaws:** The Company's bylaws have been amended twice (2) by the Company's extraordinary general assembly held on 14/02/1440H (corresponding to 23/10/2018G) and 16/08/1434H (corresponding to 24/06/2013G), including amendments to align with the amendments introduced to the Companies Law.
- **Financial Statements:** The Company has amended its Financial Statement according to the IFRS. for more details in regarding financial information and management discussion and analysis, please refer to Section (6) "**Financial Information and Management Discussion and Analysis**".
- **Board of Directors, Committees, Executive Management, and Employees:** Changes has occurred to the composition of the board and its committees, Senior Executives and the employees. Additionally, the Company has established three (3) committees, being the Executive Committee, the Marketing Steering Committee and the Risk Management Committee. For more details regarding the Board of Directors and its committees, executive management, and employees, please refer to Section (5) "**Management and Governance of the Company**".
- **Projects:** The Company constructed and completed the Expansion Facilities, and recently acquired the RTP. For more details regarding the Company's projects, please refer to Section (4) "**Background About the Company and the Nature of its Business**".
- **Financing, Supply, Marketing and Lifting Agreements:** The Company secured, amended and repaid a number of financing agreements. Additionally, the Company has secured additional Ethane supply upon completion of the Expansion Facilities and certain marketing arrangements were transferred from Saudi Aramco to Affiliates of Saudi Aramco. For more details regarding such agreements, please refer to Sections (10.2) "**Facility Agreements - Summary**", (10.3) "**Facility Agreements**" and (10.4) "**Material Agreements**".
- **Material Agreements:** The Company has entered into a number of material agreements and Related Party agreements. For more details regarding the Company's current agreements please refer to Section (10.4) "**Material Agreements**".
- **Litigation:** The Company became a party to a number of disputes. For more information, please refer to Section (10.7) "**Disputes**".
- **Licenses:** The Company has obtained a number of licenses due to regulatory developments such as VAT implementation. For more details regarding the Company's licenses please refer to Section (10.1) "**Government Licenses and Permits**".

This section is only a summary of the key material changes to the information disclosed in the most recent prospectus approved by the CMA and does not contain all information that may be of interest to Shareholders and other individual or Institutional Investors. Accordingly, the Recipients of this Prospectus must read this Prospectus in full before making an investment decision regarding the Rights or New Shares. The "**Important Notice**" section and Section 2 "**Risk Factors**" of this Prospectus should be considered prior to making any investment decision relating to the Rights or the New Shares.

11. UNDERWRITING

11.1 Summary of Underwriting Agreement

The Company has entered into an agreement with the Underwriters to underwrite (198,750,000) New Shares for an Offer Price of ten (SAR 10) Saudi Riyals for each share, representing 25% per cent of the Rights being offered for subscription ("**Underwriting Agreement**"). It should be noted that the CMA Board issued its decision to approve a waiver, for the Company, of the requirement of the Offering to be fully underwritten, provided in Article 26(a) of the Rules on the Offer of Securities and Continuing Obligations, provided that the Founding Shareholders have committed to exercise all the Rights allocated to each of them and subscribe in all of their prorated share of the Offering. Based on this waiver, only 25% of the Offering will be underwritten (for more details, please refer to Section 12 ("**Waivers**")).

The details of the shares to be underwritten are as follows:

Table (11.1): Details of shares to be underwritten

Total Number of Shares Underwritten	One hundred ninety-eight million seven hundred fifty thousand (198,750,000) ordinary shares.
Offer Price	Ten Saudi Riyals (SAR 10).
Total Offer Value Underwritten	One billion nine hundred eighty-seven million five hundred thousand Saudi Riyals (SAR 1,987,500,000).
The ratio of underwritten shares out of the total value of the Offering	25%

11.2 Commitment from Founding Shareholders

Each of Saudi Aramco and Sumitomo has undertaken to subscribe in its prorated share of the Offering and confirmed its undertaking to exercise the Rights allocated to it and subscribe in the New Shares accordingly, which represents in total 75% of the Offering, through the capitalization of five billion nine hundred sixty-two million five hundred thousand Saudi Riyals (SAR 5,962,500,000) of amounts payable by the Company to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement entered into between the Company and the Founding Shareholders (for more details, please refer to Section 7.2.1 ("**Rabigh 1 Shareholder Loan Agreement**") and Section (10.3.17) ("**Rabigh 1 Shareholder Loan Agreement**")).

The details of the Underwriters for the Offer are set out in the table below.

Table (11.2): Details of the Underwriter

Underwriter	Registered Address	Logo
HSBC Saudi Arabia	HSBC Head Office, Olaya Road, P.O. Box 9084, Riyadh 11413, Kingdom of Saudi Arabia Tel: +966 (11) 299 2052 Fax: +966 (11) 299 2385 Email: prcrightsissue@hsbcsa.com Website: www.hsbcsaudi.com	 HSBC
Riyad Capital	Granada Business Park 2414 - Al Shohda Dist, Unit No. 69 Riyadh 13241 - 7279, Kingdom of Saudi Arabia Tel: +966 (11) 4865649 Fax: +966 (11) 4865908 Email: Project.Hope@riyadcapital.com Website: www.riyadcapital.com	 الرياض المالية riyad capital
Alinma Investment	Riyadh, King Fahad Road (Al Anoud Tower-2), P.O. Box: 55560, Riyadh 11544, Kingdom of Saudi Arabia Tel: +966 (11) 2185999 Fax: +966 (11) 2185970 Email: info@alinmainvestment.com Website: www.alinmainvestment.com	 الإنماء للاستثمار alinma investment

Underwriter	Registered Address	Logo
GIB Capital	Low Rise Building 1 Granada Business & Residential Park, Eastern Ring Road, P.O. Box: 89589, Riyadh 11692, Kingdom of Saudi Arabia Tel: +966 11 511 2200 Fax: +966 11 511 2201 Email: customercare@gibcapital.com Website: www.gibcapital.com	
SNB Capital Company	King Saud Road, SNB Regional Building, P.O. Box: 22216 , Riyadh 11495, Kingdom of Saudi Arabia Tel: +966 (92) 0000232 Fax: +966 (11) 4060052 Email: snbc.cm@alahlicapital.com Website: www.alahlicapital.com	
Arab National Investment Company	King Faisal Street, Arab National Investment Company Building, P.O. Box: 220009, Riyadh 11311, Kingdom of Saudi Arabia Tel: +966 11 406 2500 Fax: +966 11 406 2548 Email: Investment.Banking@anbinvest.com.sa Website: www.anbinvest.com.sa	
Saudi Fransi Capital	King Fahad Road 8092, P.O. Box: 23454, Riyadh 12313-3735, Kingdom of Saudi Arabia Tel: +966 11 2826666 Fax: +966 11 2826823 Email: info@fransicapital.com Website: www.sfc.com	
Aljazira Capital	King Fahad Road, P.O. Box: 20438, Riyadh 11455, Kingdom of Saudi Arabia Tel: +966 (11) 225 6000 Fax: +966 (11) 225 6182 Email: contactus@aljaziracapital.com.sa Website: www.aljaziracapital.com.sa	

Pursuant to the terms and conditions of the Underwriting Agreement to be executed between the Company and the Underwriters:1

- The Company shall, on the Allocation Date, issue and allocate to the Underwriters at the Offer Price all the underwritten New Shares which were not subscribed to in the Rump Offering Period.
- Each Underwriter undertakes that, at the Allocation Date, it will purchase at the Offer Price its proportion of the New Shares which have not been subscribed to in the Rump Offering Period.
- The Underwriters shall receive financial consideration for providing such underwriting services, and these expenses will be deducted from the offering proceeds and are included in the Offering Expenses, as disclosed in Section 7 ("Use of Proceeds") of this Prospectus.
- The Underwriters' obligation to purchase the Rump Shares during the period of the Offering is subject to all terms and conditions of the Underwriting Agreement, which include terms and conditions relating to termination and satisfaction of conditions precedent.
- The Company shall provide a number of guarantees, representations and undertakings to the Underwriters.

1 To be confirmed after UWA is finalized.





12. WAIVERS

The CMA Board issued its decision to approve a waiver, for the Company, of the requirement of the Offering to be fully underwritten, provided in Article 26(a) of the Rules on the Offer of Securities and Continuing Obligations, provided that the Founding Shareholders have committed to exercise all the Rights allocated to each of them and subscribe in all of their prorated share of the Offering. Based on this waiver, only 25% of the Offering will be underwritten by the Underwriters as set out in more details in Section 11 (**"Underwriting"**).

It should be noted that each of the Founding Shareholders has undertaken to subscribe in all of its prorated share in the New Shares, representing in total 75% of the Offering, through the capitalization of five billion nine hundred sixty-two million five hundred thousand Saudi Riyals (SAR 5,962,500,000) of amounts payable by the Company to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement entered into between the Company and the Founding Shareholders (for more details, please refer Section 7.2.1 (**"Rabigh 1 Shareholder Loan Agreement"**) and Section 11.2 (**"Commitment from the Founding Shareholders"**)).



13. OFFERING TERMS AND CONDITIONS

The Company applied to the CMA for the registration and offering of the New Shares and to the Saudi Exchange for the listing of the New Shares, and all requirements have been fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Persons and Institutional Investors should read the subscription terms and conditions carefully before the submission of the subscription application form through a broker or filling of Institutional Investors' subscription form. The submission of the subscription application form, or signing and delivery of the Institutional Investors' subscription form shall be deemed an approval and acceptance of the terms and conditions of the Subscription.

13.1 Offering

Under this Prospectus, SAR 795,000,000 ordinary shares with a nominal value of SAR 10 representing 90.75% percent of the Company's share capital prior to the Capital Increase will be offered for subscription, at an Offer Price of SAR 10 per share, with a nominal value of SAR 10 and a total offering value of SAR 7,950,000,000. The New Shares will be issued at 0.907534 New Share for each Current Share. Only Eligible Persons will be granted the right to subscribe for the New Shares.

13.2 How to subscribe in the New Shares

Eligible Persons wishing to subscribe for New Shares pursuant to the Rights Issue shall submit the Subscription Applications (during the Subscription Period) through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to subscribing through other channels available at the broker. If Eligible Persons do not exercise their right to subscribe for the New Shares by the end of the Subscription Period, the Rump Shares will be offered to Institutional Investors during the Rump Offering Period.

The number of New Shares that an Eligible Person may subscribe is determined based on the number of Rights owned by such Eligible Person. The Subscription amount that a subscriber must pay is calculated by multiplying the total number of Rights by the Offer Price of SAR 10.

By submitting the subscription application form, the Subscriber declares that it:

- agrees to subscribe for the Company's Shares in the number of such shares specified in the subscription application form;
- it has read this Prospectus and understood all of its contents;
- it accepts the Company's Bylaws and the terms of this Prospectus;
- it has not previously submitted an application to subscribe for the New Shares that are the subject of the subscription application and that the Company has the right to reject all duplicative applications;
- it accepts the number of shares allocated thereto and all other subscription instructions and terms set out in this Prospectus and the subscription application form; and
- it guarantees not to cancel or amend the subscription application form after submitting it.

13.3 The Subscription Application

Each Eligible Person who wishes to exercise his full right and subscribe to all the New Shares to which she/he is entitled must subscribe through the investment portfolio in the trading platforms through which buy and sell orders are entered, or through any other means provided by the broker and the custodian of the shares.

The number of New Shares which the Eligible Person is entitled to subscribe for is calculated according to the number of Rights that she/he owns. The subscription amount that the subscriber must pay is calculated by multiplying the number of existing Rights that she/he owns before the end of the subscription period by SAR 10.

13.4 Trading, Subscription and Rump Offering Period

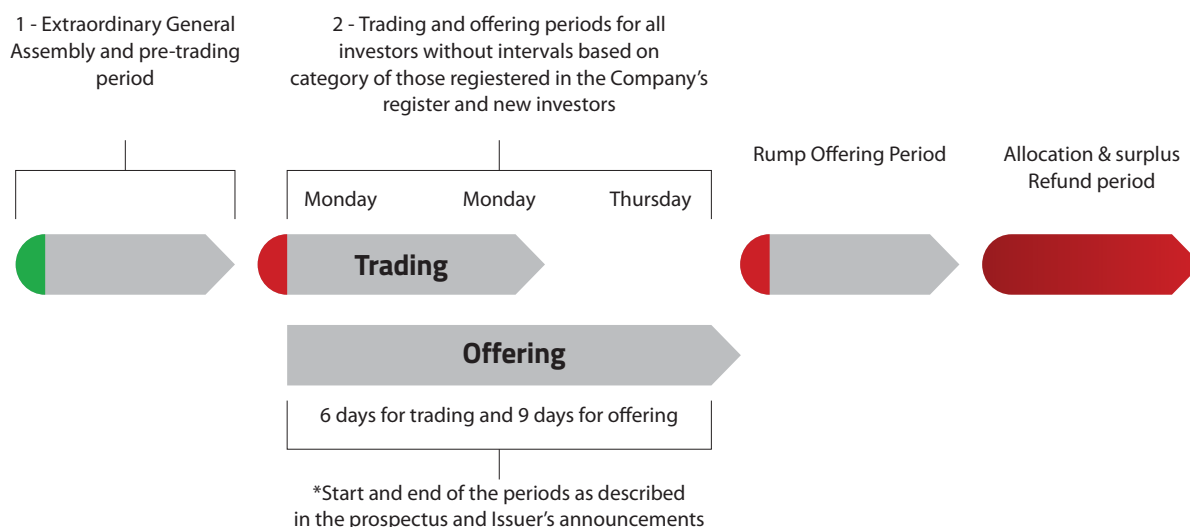
Rights will be issued to all Registered Shareholders shown in the Company's shareholder register maintained with Edaa at the end of the second trading day following the Extraordinary General Assembly relating to the Capital Increase ("**Registered Shareholders**"). Rights will be calculated based on the number of Current Shares owned by the Registered Shareholders in accordance with the Rights Issue Ratio. Based on the Rights Issue Ratio, 0.907534 Rights will be allocated for each Current Share owned by a Registered Shareholder on the Eligibility Date. Each Right shall grant its holder the right to subscribe for one New Share at the Offer Price. The Rights will show in the portfolios of the Registered Shareholders under a new symbol. Registered Shareholders will be notified that the Rights have been deposited into their portfolios through an announcement on the Exchange's website, through the Tadawulaty service provided by Edaa and also through SMS messages sent by brokerage companies. These Rights cannot be traded or subscribed for by the Registered Shareholders until the start of the Trading and Subscription Periods.

Eligible Persons wishing to subscribe for the New Shares shall submit their subscription application during the Subscription Period, which commences on Tuesday, 15/11/1443H (corresponding to 14/06/2022G) and ends on Sunday, 27/11/1443H (corresponding to 26/06/2022G). If Eligible Persons do not exercise their right to subscribe for the New Shares by the end of the Subscription Period, the unsubscribed New Shares (i.e. the Rump Shares) will be offered to Institutional Investors during the Rump Offering Period

Rights will be offered according to the phases and dates set out below:

- **Eligibility Date:** The Shareholders who are owners of Current Shares as at the date of the Extraordinary General Assembly approving the capital increase and who are registered in the Company's registers as at close of trading on the second trading day following the Extraordinary General Assembly approving the Capital Increase held on 09/11/1443H (corresponding to 08/06/2022G).
- **Trading Period and Subscription Period:** Trading Period and Subscription Period will both start together on Tuesday, 15/11/1443H (corresponding to 14/06/2022G) while Trading Period will end on Tuesday, 22/11/1443H (corresponding to 21/06/2022G) and the Subscription Period will end on Sunday, 27/11/1443H (corresponding to 26/06/2022G). The Trading Period and Subscription Period will start on the same date. However, the Trading Period will cease on the 6th day of the start of the period, meanwhile the Subscription Period will end on the 9th day of the said period.
- **Rump Offering Period:** The period from 30/11/1443H (corresponding to 29/06/2022G) from 10:00 A.M. to 5:00 P.M. of the next day dated 01/12/1443H (corresponding to 30/06/2022G). During this period, Rump Shares will be offered to Institutional Investors, provided that they submit their offers to purchase the Rump Shares during the Rump Offering Period. The Rump Shares will be allocated to the Institutional Investors in order of priority based on the price per New Share offered (provided that it shall not be less than the Offer Price) with New Shares being allocated on a pro rata basis, among those being the Institutional Investors that provided offers at the same price. Fractional Shares will also be added to the Rump Shares and will be subject to the same treatment. The Company shall receive the total Offer Price obtained from the offering of the Rump Shares and Fractional Shares. All proceeds resulting from the sale of the Rump Shares and Fractional Shares (i.e. in excess of the Offer Price) shall be distributed to the Eligible Persons as per their entitlement no later than 18/12/1443H (corresponding to 17/07/2022G).
- **Final Allocation of Shares:** New Shares will be allocated to each investor based on the number of Rights properly and fully exercised. The Rump Shares will be allocated to Institutional Investors based on the price per Share offered (provided that it shall not be less than the Offer Price) with Shares being allocated on a pro rata basis among those being the Institutional Investors that provided offers at the same price. Fractional Shares will be accumulated and be subject to the same treatment. The total aggregate proceeds up to the Offer Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and Fractional Shares (i.e. above the Offer Price, if any) shall be paid to the Eligible Persons, as per entitlement, no later than 18/12/1443H (corresponding to 17/07/2022G).
- **Trading of the New Shares on the Market:** Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares.

Figure (13.1): Illustration of the Rights Mechanism.



13.5 The Subscription of Founding Shareholders

The Founding Shareholders have each undertaken to subscribe for all of their prorated share of the Offering, being in aggregate five hundred ninety-six million two hundred fifty thousand (596,250,000) New Shares representing 75% of the Offering, by the capitalization of five billion nine hundred sixty-two million five hundred thousand Saudi Riyals (SAR 5,962,500,000) of amounts payable by the Company to the Founding Shareholders under the Rabigh 1 Shareholder Loan Agreement (for more details, please refer to Section 7.2.1 ("Rabigh 1 Shareholder Loan Agreement") and Section 11.2 ("Commitment from the Founding Shareholders")).

According to the commitments presented by the Founding Shareholders, the Founding Shareholders shall be restricted from trading each of their portions of the Rights during the Trading Period. After the Offering Period and Trading period, the Rights of each of the Founding Shareholders will be transferred into shares and deposited into their investment portfolios according to the procedures, noting that the New Shares of the Founding Shareholders will be deposited at the same time as other Shareholders and investors subscribing in the Rights during the Subscription Period or the Rump Offering Period (if applicable).

13.6 Eligible Persons not Participating in the Subscription for the New Shares

Registered Shareholders who do not fully participate in the Subscription will be subject to a decrease in their shareholding percentage in the Company as well as a decline in the value of their current Shares. Eligible Persons who do not subscribe or sell their Rights are exposed to loss. Eligible Persons who fail to subscribe for New Shares will not receive any benefits for the Rights due to them other than cash compensation (if any) from the proceeds of the sale of the Rump Offering shares if the Institutional Investors purchase the New Shares at a price that exceeds the Offer Price.

In the event that Institutional Investors wish to buy the Rump Shares only at the Offer Price, Eligible Persons who did not participate in the Subscription will not receive any compensation due to not exercising their Rights to subscribe the New Shares.

The compensation amount (if any) will be determined for the Eligible Persons who did not fully or partially subscribe for the New Shares and for the persons entitled to Fractional Shares by dividing the compensation amount by the total number of New Shares not subscribed to by Eligible Persons and persons entitled to Fractional Shares.

13.7 Allocation

The Company and the Lead Manager will open an escrow account in which the proceeds of the Offering will be deposited (except for amounts payable by the Founding Shareholders, which will be capitalized as described in this Prospectus). Shares will be allocated to each investor based on the number of Rights properly and fully exercised. As for Shareholders entitled to Fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. The Company shall receive the total Offer Price obtained from the offering of the Rump Shares and Fractional Shares, and the remaining proceeds from the sale of the Rump Shares and Fractional Shares (above the offering price, if any) shall be paid to Eligible Persons, as per their entitlement, by the date of 18/12/1443H (corresponding to 17/07/2022G). Excess unsubscribed Shares shall be purchased by and allocated to the Underwriter at the Offer Price.

The final number of New Shares allocated to each Eligible Person is expected to occur by depositing the New Shares into the accounts of Subscribers without any charges or withholdings by the Lead Manager. Eligible Persons shall contact the branch of the broker where they have submitted the Subscription Application Form to obtain further information. The announcement regarding the allocation shall be made no later than 07/12/1443H (corresponding to 06/07/2022G).

13.8 Compensation Payment

Compensation amounts (if any) will be paid to the Eligible Persons who did not subscribe wholly or partially to the Rights no later than 18/12/1443H (corresponding to 17/07/2022G).

13.9 Supplementary Prospectus

Pursuant to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company is required to submit to the CMA a supplementary prospectus if, at any time, after this Prospectus is published and before completion of the Offer, the Company become aware of (i) any significant change that has occurred in any of the material matters contained in this Prospectus; or (ii) any additional important information that should have been included in this Prospectus.

An investor who subscribed in the New Shares prior to the publication of the supplementary prospectus may cancel or amend its subscription in the shares before the end of the offering period.

13.10 Circumstances where the Offering may be Suspended or Cancelled

The CMA may at any time issue a resolution to suspend the Offering if it determines that the Offering may result in a violation of the Capital Market Law and its implementing regulations and the rules of Tadawul. Further, the Offering may be cancelled if the Extraordinary General Assembly does not approve the Offering.

13.11 Approvals and Decisions Under Which the New Shares are Offered

The following are the decisions and approvals under which the New Shares are publicly offered:

- a- The Company's Board of Directors resolution dated 28/8/1443H (corresponding to 31/3/2022G) recommending the increase of the Company's share capital by way of rights issue;
- b- The Company's Extraordinary General Assembly resolution dated 09/11/1443H (corresponding to 08/06/2022G) approving the increase of the Company's share capital by way of rights issue;
- c- Tadawul approval dated 20/9/1443H (corresponding to 21/4/2022G) in relation to the listing of the New Shares; and
- d- The CMA's announcement regarding its approval of the Offering published on 24/9/1443H (corresponding to 25/4/2022G).

13.12 Restriction on Trading in Rights

Each Founding Shareholder has undertaken to subscribe for its prorated share of the Offering. As such, the Founding Shareholders will be restricted from trading in the Rights allocated to them. Other than the aforementioned, there are currently no regulatory restrictions on trading in Rights by any of the Company's Shareholders, except for general regulatory restrictions on trading of listed shares in general.

13.13 Questions and Answers on Rights Issue Mechanism

What are Rights?

Rights are issued as tradable securities giving their holders the priority to subscribe for the New Shares offered upon approval of the capital increase. These securities become an acquired right for all shareholders who are registered in the Company's shareholder register maintained with Edaa at the end of the second trading day following the Extraordinary General Assembly relating to the Capital Increase. Each Right shall grant its holder eligibility to subscribe for one New Share at the Offer Price.

To whom are Rights granted?

All shareholders who own Shares in the Company at the end of the trading period of the day on which the Extraordinary General Assembly approving the Capital Increase has convened, and who are registered in the Company's shareholder register maintained with Edaa as at the close of the second trading day following the Extraordinary General Assembly, i.e., the Eligibility Date.

When are the Rights deposited?

After the Extraordinary General Assembly's approval of the capital increase through a Rights Issue. The Rights are deposited as securities in the portfolios of the Registered Shareholders who appear in the Company's shareholder register maintained with Edaa at the end of the second trading day following the Extraordinary General Assembly. The Rights will show in the portfolios of the Registered Shareholders under a new symbol for the Rights. These Rights cannot be traded or subscribed for by the Registered Shareholders until the start of the Trading and Subscription Periods.

How are Registered Shareholders notified of the deposit of Rights in their portfolio?

Registered Shareholders will be notified that the Rights have been deposited into their portfolios through an announcement on the Tadawul website, through the Tadawulat service provided by Edaa and also through SMS messages sent by brokerage companies.

How many Rights will be granted to each Registered Shareholder?

The number of Rights that will be granted to each Registered Shareholder will depend on its ownership percentage in the share capital of the Company as per the Company's shareholder register maintained with Edaa as at the end of the second trading day following the Extraordinary General Assembly relating the Capital Increase. The number of Rights granted to each Registered Shareholder will be determined on the basis of the Rights Issue Ratio.

What is the Rights Issue Ratio?

It is the ratio that can be used by each Registered Shareholder to calculate his/her entitlement to Rights based on ownership of Current Shares that it already owns as per the Company's shareholders register with Edaa as at the Eligibility Date (the end of the second trading day following the EGA at which the capital increase has been approved). This ratio is the result of dividing the number of New Shares by the number of the Company's Current Shares. For example, if the Company's existing shares were one thousand (1,000) shares and the Company increased its capital by offering five hundred (500) new shares (which makes its total shares to be one thousand five hundred (1,500)), then the rights issue ratio will be one right for every two shares.

The Rights Issue Ratio is (0.907534) Rights for every Current Share owned by a Registered Shareholder on the Eligibility Date. As such, if a Registered Shareholder owns one thousand (1,000) Current Shares on the Eligibility Date, such Registered Shareholder will receive (907) Rights, and will be compensated for the any Fractional Shares if the Rump Shares were sold for a price that exceeds the Offer Price.

Will the name and symbol of those Rights trading be different from the name and symbol of Company Shares?

Yes, the deposited Rights will be added to the investors' portfolios under the name of the original share, with the addition of the word "Rights" at the end, and a new symbol for such Rights.

What is the Right's opening market price on the first day of trading?

The opening price of the Right is the difference between the Company's closing share price on the day preceding the day on which the Rights are listed and the Offer Price (indicative value of the Right). For example: If the Company's closing share price is fifteen Saudi Riyals (SAR 15) and the Offer Price is ten Saudi Riyals (SAR 10), the opening price of the Rights will be five Saudi Riyals (SAR 5).

Who is a Registered Shareholder?

Any shareholder who appears in the Company's shareholder register at the end of the second trading day following the Extraordinary General Assembly approving the capital increase.

Can the Registered Shareholders subscribe for additional Shares beyond their allocation of Rights?

Yes, the Registered Shareholders can subscribe for additional Shares by purchasing additional Rights during the Trading Period.

Could a shareholder not receive Rights even if it is entitled to attend the Extraordinary General Assembly and vote on the capital increase by offering Rights?

Yes, the shareholder loses his/her right to receive Rights if the shareholder sold its Shares on the same trading day of the Extraordinary General Assembly or one Business Day prior thereto.

How does the subscription take place?

Subscriptions shall be submitted through the investment portfolio in the trading platforms or through other media and channels used by the brokers to accept purchase and sale orders.

Can Shareholders subscribe more than once through more than one broker?

Yes, they are permitted to do so. However, the number to be subscribed through each broker will depend on the number of Rights in each portfolio at the respective broker. In any event, it should be noted that the number to be subscribed for may not exceed the number of Rights available upon the end of the Trading Period. If the number of New Shares to be subscribed for exceeds the number of available Rights, this will result in the cancellation of the subscription application.

Can an Eligible Person subscribe for New Shares exceeding his/her Rights?

No. An Eligible Person cannot subscribe for New Shares exceeding his/her Rights.

If Shares are owned through more than one investment portfolio, in which portfolio will the Rights be deposited?

The Rights will be deposited in the same portfolio where the Shares are deposited. For example, if a subscriber owns one thousand (1,000) Current Shares, eight hundred (800) Current Shares in his/her portfolio (A) and two hundred (200) Current Shares in his/her portfolio (B), the total Rights to be deposited are (907) in consideration of each share having (0.907534) rights. Thus, (726) Rights will be deposited in Portfolio (A), and (181) Rights will be deposited in Portfolio (B).

If there is any fraction, all of those fractions will be collected, and if they formed one whole figure or more, the proper figure will be added to the portfolio in which the investor owns a bigger number of Rights.

If subscription is made through multiple portfolios, where would the New Shares be deposited?

The New Shares will be deposited in the investment portfolio set out in the first subscription application.

Are share certificate holders allowed to subscribe and trade?

Yes, they are, but they will only be able to trade their Rights and subscribe for the New Shares until after the certificates are deposited in investment portfolios by the brokers or Edaa and after all required documents are submitted.

What happens if the New Shares are subscribed for by a Registered Shareholder who then sells the Rights?

If a Registered Shareholder submits an application to subscribe for the New Shares but then sells all of its Rights and did not purchase Rights equal to the number of New Shares that were subscribed for before the end of the Trading Period, the subscription application will be rejected altogether. If the Registered Shareholder sold part of its Rights, the subscription application will be rejected in part proportionately to the Rights that have been sold by the Registered Shareholder. The Registered Shareholder will be notified thereof and the amount relative to the rejected subscription will be reimbursed to the Registered Shareholder through the relevant bank.

If the investor bought additional Rights, may they trade them again?

Yes, they may sell and buy additional Rights during the Trading Period only.

Is it possible to sell a portion of Rights?

Yes, the investor may sell a portion of Rights and use the remaining portion for subscription.

When can an investor exercise Rights it purchased during the Trading Period?

An investor can exercise Rights after the Rights purchase has settled (two Business Days from the date of purchase), provided that the subscription in the New Shares takes place during the Subscription Period.

Can the Rights owner sell his/her Rights after the expiry of Trading Period?

No, that is not possible. After the expiry of Trading Period, the Rights owner may only exercise his/her Rights to subscribe (or choose not to subscribe) for New Shares pursuant to his/her Rights. In the event that such Rights are not exercised, the relevant investor may be subject to a loss or a reduction in the value of his/her investment portfolio.

What happens to the Rights that are not sold or exercised during the Trading Period and Subscription Period?

If New Shares are not subscribed to during the Subscription Period, the unsubscribed for New Shares (i.e. the Rump Shares) shall be offered to a number of Institutional Investors through the Lead Manager, and the compensation amounts, if any, shall be paid to the Rights owner, after the deduction of the Offer Price. The investor will not obtain any compensation if the Rump Shares are sold during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote for the increase of Issuer's capital by offering Rights?

Shareholders who are registered in the Company's shareholder register at Edaa at the end of trading on the Extraordinary General Assembly day shall have the right to attend the Extraordinary General Assembly and vote on the increase in the Company's share capital by way of rights issue.

When will the share price be amended due to the increase of Issuer's capital through Rights Issue?

The Share price shall be amended by Tadawul before the start of trading on the first trading day following the Extraordinary General Assembly which approved the Capital Increase.

If an investor buys Shares on the day of the Extraordinary General Assembly, will such investor be entitled to Rights?

Yes, the Investor will be registered in the Company's shareholders register after two trading days from the Shares purchase (i.e. at the end of second trading day following the Extraordinary General Assembly meeting), noting that the Rights will be granted to all shareholders who are registered in the Company registers at the end of the second trading day following the Extraordinary General Assembly meeting approving the capital increase. However, such investor will not be entitled to attend or vote during the Extraordinary General Assembly regarding the Capital Increase.

What are the Trading and Subscription Periods?

The trading and subscription periods will start at the same time, but the Trading Period will end on the sixth trading day, while the Subscription Period shall continue to the ninth trading day as stipulated in this Prospectus and the Company's announcements.

Is subscription available on the weekend?

No, it is not available during the weekend.

Can investors other than the shareholders registered subscribe for the Rights?

Yes, upon the completion and settlement of the Rights purchase through the Exchange during the Trading Period, subject to the applicable regulatory restrictions generally imposed on the trading of listed shares.

Will any other fees be included in Rights trading transactions?

Transactions involving the sale and purchase of Rights will be subject to the same commissions that apply to shares, but there will be no minimum for the commission amount.

Further Assistance

If you have any questions, please contact the Company via e-mail: Investor.Relations@petrorabigh.com

For legal reasons, the Company will only be able to provide information contained in this prospectus. It will not be able to give advice on the merits of the Rights Issue or to provide financial, tax, legal or investment advice. For further information on the terms and conditions of the Offering, please refer to Section 13 ("Offering Terms and Conditions") and the rest of the information contained in this Prospectus.

13.14 Trading in New Shares

Trading in the New Shares shall commence after all related regulatory procedures have been completed, and will be later announced on the Exchange's website.

13.15 Miscellaneous Terms

The subscription application form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties of the Subscription and their respective successors, permitted assignees, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the application nor any of the Rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the Subscription without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription application or related contracts shall be governed, construed and enforced in accordance with the laws of Saudi Arabia.

This Prospectus may be distributed in Arabic and English. The Arabic text shall take precedence in the event of any conflict between the Arabic and English versions of this Prospectus.

14. PRICE DILUTION AS A RESULT OF THE INCREASE IN SHARE CAPITAL

The closing price of the Company's shares on the day of the Extraordinary General Assembly is SAR (27), and it is expected to be adjusted to SAR (18.92) at the opening of the trading session the next day. The change represents a decrease of (29.93) per cent.

The method of calculating the share price as a result of the capital increase is as follows:

First: Calculation of the market value of the Company at the close of trading on the day on which the Extraordinary General Assembly approving the Capital Increase is held:

The number of shares of the Company at the end of the day on the day on which the Extraordinary General Assembly approves the Capital Increase x (multiplied by) the closing price for the Company's Shares at the end of the day on the day on which the Extraordinary General Assembly is held = (equals) the market value of the Company at the end of the day on the day on which the Extraordinary General Assembly approves the Capital Increase.

Second: Calculation of the price per share at the opening of the trading session on the day following the day on the day on which the Extraordinary General Assembly approving the Capital Increase is held:

(The market value of the Company at the end of the day on the day on which Extraordinary General Assembly approves the Capital Increase + (plus) the value of the Rights) / (that is, divided by) (the total number of shares at the end of the day on which the Extraordinary General Assembly approves the Capital Increase + (plus) the number of New Shares offered for subscription) = (equals) The expected price per share on the opening day following the day on which the Extraordinary General Assembly approves the Capital Increase.

15. SUBSCRIPTION DECLARATIONS

15.1 Subscription Application and Undertakings

Subscription applications can be made using the trading platforms or through any other means provided by the broker to investors. The New Shares will be offered in one phase according to the following:

- During such period, all Registered Shareholders and New Investors who hold Rights may subscribe for the New Shares.
- Each Registered Shareholder may, during the Subscription Period, directly subscribe (in whole or in part) for the New Shares equal to the number of Rights allocated to them. A Registered Shareholder who buys additional Rights will be allowed to subscribe for New Shares in respect of such additional Rights upon the cessation of the settlement period (two Business Days after buying the additional Rights).
- The New Investors, who purchase Rights during the Trading Period, may subscribe for the New Shares after the settlement of the transaction related to the purchase of the Rights (two Business Days from the date of purchasing the Rights).
- Subscription will be available online through the investment portfolio in the trading platforms and applications through which purchase and sale orders are entered. Additionally, subscription shall be available through other media and channels available at the broker.

Each Right grants its holder the right to subscribe for one New Share at the Offer Price. Each Subscriber acknowledges the following:

- it accepts all the terms and conditions of Subscription as set out in this Prospectus;
- it has read this Prospectus and understood all of its contents;
- it accepts the Bylaws and the terms of this Prospectus; and
- it guarantees not to cancel or amend the subscription application form after submitting it

15.2 Allocation Process

The Rights shall be allocated to the Eligible Persons based on the number of Rights they have exercised in a complete and correct manner. The Rump Shares will be allocated to Institutional Investors based on the price per Share offered (provided that it shall not be less than the Offer Price) with Shares being allocated on a pro rata basis among those being the Institutional Investors that provided offers at the same price. Fractional Shares will be accumulated and be subject to the same treatment. The Company shall receive the total Offer Price obtained from the offering of the Rump Shares and Fractional Shares and the remaining proceeds from the sale of the Rump Shares (in case the sale price of the Rump Offering exceeds the Offer Price) shall be distributed to the Eligible Persons not later than 18/12/1443H (corresponding to 17/07/2022G). If shares remain unsubscribed for, then the underwriters will purchase the remaining New Shares at the Offer Price and these shares shall be allocated to the underwriters, and in such case, the Eligible Persons who do not subscribe and do not sell their Rights, or those who are entitled to Fractional Shares, will not be compensated.

Eligible Persons must contact the branch of the broker through which the application was submitted for any additional information. The results of the allocation will be announced no later than 07/12/1443H (corresponding to 6/7/2022G).



15.3 The Saudi Stock Exchange

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In 1990G, full electronic trading in Saudi Arabian equities was introduced.

Trading in shares occurring on the Tadawul system takes place through an integrated mechanism covering the entire trading process, from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day (from Sunday to Thursday) for one period from 10:00 A.M. to 3:00 P.M., during which orders are executed. However, orders can be entered, amended or deleted from 9:30 A.M. until 10:00 A.M.

Tadawul's system matches orders by price, and orders are received and prioritized based on price. In general, market orders (orders placed at the best prices) are executed first, followed by limit orders (orders place at a price limit). If several orders are generated at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, including, in particular, the Tadawul website on the Internet and Tadawul Information link, which supplies trading data in real time to the information providers, such as Reuters.

Transactions shall be settled within two Business Days (T+2). The Company is required to report all material decisions and information to the investors via Tadawul. Tadawul's system is responsible for monitoring the market in order to ensure the fairness and easy flow of share exchange.

15.4 Trading of the Company's Shares on the Saudi Stock Exchange

The Company has filed a request with the CMA for registration and offer of the New Shares and to the Saudi Exchange for the New Shares to be listed, and the publication of this Prospectus has been approved and all requirements have been fulfilled.

The listing is expected to be approved and trading to commence on the Exchange once the final allocation of the New Shares has been concluded. An announcement will be made on the Tadawul website in due course. The dates and times stated in this Prospectus are only provisional and may be changed at any time subject to approval of the CMA.

Although the Company's Current Shares are listed on Tadawul, the New Shares can only be traded after they have been approved for allocation to eligible subscribers and bidders with respect to the Offering of the Rump Shares and their deposit in their trading accounts. It is absolutely forbidden to trade in the New Shares until the allocation has been approved. Subscribers who engage in any forbidden trading activity shall be fully liable. The Company shall have no legal responsibility in such an event.





16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's main office located in Rabigh city, Kingdom of Saudi Arabia at the following address: P.O. Box: 101, Rabigh 21911, Kingdom of Saudi Arabia, during official business hours from 7:00AM to 3:30PM, starting from the first Business Day after the date of inviting the Extraordinary General Assembly relating to the Capital Increase, provided that this period is not less than 14 days before the date of such Extraordinary General Assembly meeting. These documents will remain available for inspection until the end of the Offering Period.

- 1- The Company's Bylaws and commercial registration certificate.
- 2- The Board's resolution amending the recommendation of the Capital Increase by way of rights issue.
- 3- The approval of the Extraordinary General Assembly on the Capital Increase*.
- 4- The approval of Tadawul to list the New Shares.
- 5- The approval of the CMA on the Rights Issue.
- 6- The report prepared by the Market Advisor.
- 7- The Underwriting Agreement**.
- 8- The Lead Manager Agreement**.
- 9- The commitment letters issued by Saudi Aramco and Sumitomo.
- 10- Letters of consent by the Company's Advisors to include their names, logos and statements in this Prospectus.

* It will be made available for inspection on the first Business Day following the convening of the Extraordinary General Assembly.

** It will be made available for inspection on the first Business Day following its execution.



petrorabigh.com



بترو رابغ
Petro Rabigh

