

Chairman's Statement

Sustainable expansion. Advancing stakeholder prosperity.

“It has been a year to remember for Bahri, delivering outstanding financial performances in tandem with outstanding operational cohesion and collective success. When we consider the challenges our industry faced in 2023, the strategy behind our growth and the execution of our expansion was remarkable.

Mr. Mohammed Abdulaziz Al Sarhan
Chairman



We have always believed that regardless of external forces, our fate lies in our own hands, and we have consistently delivered above and beyond our clients' and customers' expectations. We have been known for many years as one of the world's leading logistics providers, and with each year that passes, our name reaches farther and wider. Our performance in 2023 ensures even broader horizons in the years to come.

Navigating challenging markets

The year witnessed peaks and troughs in the global economy, both a cause and effect of oil price fluctuations, high inflation, elevated interest rates, and geopolitical impacts, particularly the ongoing energy consequences of Russia's invasion of Ukraine. Following the highs of 2022, the VLCC market faced a lull in earnings in the first quarter before rebounding to a peak of USD 98,000 per day, driven by rising Atlantic Basin demand, including increased US Gulf crude exports and a rebound in Chinese imports.

Prices, costs, access, and supply chains were unstable and unpredictable, however, our proven ability to direct and diversify our services provided a steady platform for us to manage market swings to emerge with record profits.

Progressive programs and partnerships

In our constant efforts to identify new opportunities and enter into substantial strategic partnerships, Bahri Logistics signed a 3-year international freight forwarding service agreement with Saudi Arabia Railways (SAR). Bahri will serve as the primary service provider for both imports and exports for SAR, the owner and operator of networks in the Kingdom of Saudi Arabia.

In addition, as we look to establish the Company into the gas transportation sector, we have entered into a strategic collaboration with the Private Sector Partnership Reinforcement Program (Shareek). This will involve an investment of SAR 1.5 Bn., primarily in specialized vessels, between 2024 and 2030, in line with our diversification strategy and the projected global increase in the demand for gas.

Committing to change

As a prominent advocate for change in industry's impact on the environment, Bahri continues to lead by example. We are proud to say that we have an innate sense of responsibility and a conscience which prioritizes sustainability across all of our business units and operations.

In line with Saudi Vision 2030, we continue to promote long-lasting change that is consistent with our vision and values, actively exploring ways to integrate new sustainability trends and assess risks and vulnerabilities. Our ultimate mission is to not only fulfil our own obligations, but also to encourage the maritime sector as a whole to become more environmentally aware.

Aligning ourselves with the United Nations Sustainable Development Group, Bahri continues to reduce its total energy consumption, decrease intensity of Scope 1 emissions, and decrease plastic and packaging waste. In addition, we continually seek numerous research and development collaborations related to carbon capture technologies and alternative energy sources.

Ethics in practice

As one of the largest global providers of maritime services, it is essential that Bahri is managed according to the highest corporate governance standards, with a stringent framework of transparency, accountability, and integrity.

In communicating our guiding principles to all members of the Bahri workforce, we are able to instill a common culture across all the staff that accentuates the values that are at the heart of our organization. We believe that respect is key to both the Company and colleagues, and is the foundation for long-lasting healthy and mutually beneficial relationships.

With regards to mitigating risk, we work with our business partners and field specialists to assess potential risks and opportunities, for both Bahri and

our stakeholders, constantly reviewing and managing a wide range of operational and environmental factors across the Company on a daily basis.

Rewarding our shareholders

Reflecting on our growth and success this year, the Board of Directors has approved a resolution to distribute cash dividends to shareholders at SAR 0.5 per share, equivalent to 5% of the par value per share.

Additionally, the Board recommended to the General Assembly of the Company an increase in capital to SAR 7,382,812,500, with the proposal of issuing 1 bonus share for every 2 shares. This strategic decision aims to fortify the Company's capital foundation, aligning with anticipated growth and expansion opportunities. The envisioned capital enhancement is intended to facilitate long-term value creation by enabling strategic investments in emerging opportunities.

Forging ahead

As we look to the future, in 2024 we will continue to seek additional strategic partnerships in line with operational and diversification goals, expanding both our geographical footprint and our client base. As an innovative organization with a strong digital presence within the industry, we will explore the ever-evolving options for greater efficiency, enabling us to reduce costs, optimize supplies, and contribute even more to our sustainability goals.

As always, Saudi Vision 2030 will be our guiding light in all operations as we maintain our status as the leading logistics provider for the Kingdom of Saudi Arabia and a significant contributor to the economy, including our role as exclusive maritime shipping provider for Saudi Aramco to the USA, Europe, and the Far East.

Acknowledgements

In closing, I would like to thank our shareholders for their continued trust and to the Government of Saudi Arabia for its support in our industry and the broader economy. While there were certainly challenging market forces during 2023, we have exceeded our clients' expectations and delivered on our strategies. Once again, Bahri's performance in 2023 has been remarkable, both operationally and financially, providing us with the perfect platform for 2024.