

Bahri Ship Management was established in 1996 to provide a full range of ship management and marine support services for all vessels owned by the Company with the goal of maximizing the fleet's commercial potential. BSM serves as the cornerstone of the Bahri fleet, ensuring all managed vessels are technically sound, seaworthy and crewed by skilled professionals. It oversees operational compliance with international safety standards and maritime regulations, leads the integration of advanced technologies, drives technical innovations to enhance operational performance and efficiency, prepares newly acquired vessels for deployment at sea, and provides essential administrative support to the business units, ranging from regulatory communications to port clearance documentation.

Ship Management

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Ship Management (continued)



As we reflect on 2024, I am proud to acknowledge the outstanding achievements of the Bahri Ship Management team, the backbone of the Bahri fleet. We successfully prepared and crewed 11 newly acquired vessels for deployment during the year, and another four vessels that were deployed in January 2025.

Meanwhile, our ships' performance under the Port State Control framework remained exemplary, with zero port detentions, and a vessel deficiency score that significantly outperformed global averages. In addition, the U.S. Coast Guard awarded 52 of our vessels with the prestigious Qualship-21 designation, a mark for meeting stringent standards only 10% of non-U.S. flagged vessels calling in American ports qualify for.

Safety remains our top priority. We concluded the year with no fatalities, and notably, conducted 270 transits through the Red Sea and the Gulf of Aden without incidents, despite heightened geopolitical tensions. In September, we transitioned to SIRE 2.0, an enhanced ship inspection reporting framework offering deeper insights into vessel safety and operational performance.

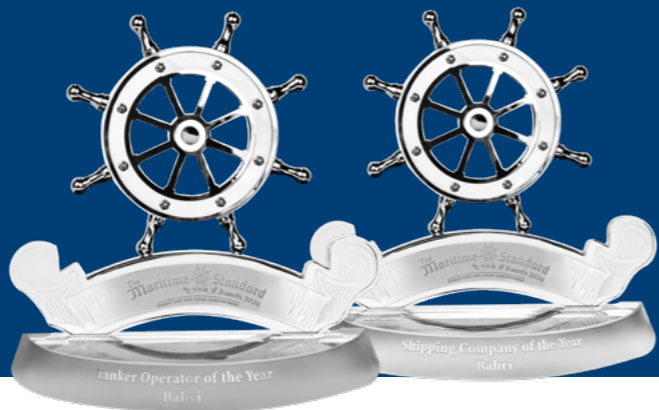
Our commitment to environmental stewardship was reinforced with the completion of ballast water treatment system installations in all our ships, ensuring compliance to the International Maritime Organization's 2024 deadline. We also put in place digital dashboards in our vessels to manage compliance with the European Union's new greenhouse gas emissions regulations introduced in 2024.

The continuing fleet-wide roll-out of the SMARTShip® data collection and analysis system, now covering 73 vessels, further supported regulatory compliance, while providing us with timely insights for optimizing voyages and predicting emerging technical issues.

This year also marked a significant milestone with our partnership with Folk Maritime Services as its ship management provider, BSM's first venture beyond the Bahri fleet.

I extend my deepest gratitude to BSM's dedicated offshore and onshore teams for your hard work and commitment to excellence, delivering a year of growth, resilience and innovation. Together, we will continue to build on our successes, push boundaries, and drive sustained value for our Company and its stakeholders.

Eng. Khalid Y. Al-Hammad
President, Bahri Ship Management



Fleet Operations

In 2024, BSM achieved new milestones in operational excellence, innovation and industry leadership. Our team successfully prepared 11 newly acquired vessels for deployment – a two-fold increase from 2023 – providing these vessels with crew, advanced communication, digital and maintenance systems, and all necessary certifications. Another four vessels that were received in December 2024 became fully deployed in January 2025.

Our commitment to operational excellence was reflected in our vessels' exceptional performance under the Port State Control (PSC) framework. None of our ships were detained at any port, and our fleet achieved a low 0.61 deficiencies per inspection ratio, which significantly outperformed global 2023 benchmarks, which were the most recently published. Our 0.61 deficiencies per inspection ratio was 78% lower than the Paris Memorandum of Understanding (MoU) 2.81 average score for vessels calling European and North Atlantic ports, and 69% lower than the Tokyo MoU 1.96 average for vessels calling Asia-Pacific ports.

Meanwhile, 52 Bahri vessels were awarded Qualship-21 status by the United States Coast Guard (USCG). Qualship-21, or Quality Shipping for the 21st Century, is a program run by the USCG to identify high-quality, well-maintained non-U.S. flagged vessels meeting stringent safety, environmental and regulatory standards. Approximately only 10% of non-U.S. flagged vessels that call in U.S. ports are granted this recognition.

We also continued the roll-out of the SMARTShip® high-frequency data collection and analysis system across the fleet, with installations in 15 vessels during the year, bringing the total to 73 vessels by year-end, a 26% increase from 2023. SMARTShip® is an advanced digital platform that enables real-time tracking, optimized route planning, improved fuel efficiency, and predictive maintenance capabilities.

Fleet digitalization initiatives in other areas likewise progressed, with efforts ongoing to implement electronic logbooks for cargo, garbage, ballast and maintenance activities, as well as automated dashboards for emissions and other metrics.

The PSC framework involves the inspection of foreign-flagged vessels by the regulatory authorities of the port's country (the Port State) to verify compliance with international maritime regulations. PSC MoUs are regional agreements established to enforce these regulations, and publish inspection statistics useful for benchmarking. The Paris MoU includes European and North Atlantic ports, while the Tokyo MoU covers Asia-Pacific, which together represent major ports of call for Bahri vessels.

Deficiencies may include expired or missing certificates, structural damage, inadequate safety and pollution prevention measures, and insufficient crew competency or training. Severe deficiencies may lead to vessel detention at port until corrective actions are taken.



Safety Performance

2024 concluded with no fatalities across the entire fleet. Our Loss Time Injury Frequency rate amounted to 0.42 injuries per million hours worked, compared to 0.35 in 2023. Meanwhile, safety audits conducted by external parties during the year revealed no major findings.

Despite heightened geopolitical tensions, BSM successfully conducted 270 transits through the Red Sea and the Gulf of Aden without incident. Our RoCon vessel, Bahri Yanbu, further demonstrated our commitment to maritime safety by successfully conducting a high-seas rescue of four French nationals in the Atlantic Ocean.

In September 2024, we transitioned to the upgraded Ship Inspection Report (SIRE) Program known as SIRE 2.0, launched in the same month by the Oil Companies International Maritime Forum. This new inspection standard placed greater emphasis on human factors and adopted a risk-based approach to enable better insights into a vessel's safety and operational performance. Under the previous standard, we recorded a 2024 average of 1.81 findings per ship inspection, a 16% improvement over the 2.15 average in 2023. Our score was likewise better than the 2.30 industry average reported by the International Association of Independent Tanker Owners, of which Bahri is a member.



Environmental Protection

We completed the installation of ballast water treatment systems (BWTS) across our owned fleet, ensuring full compliance with the 2024 deadline set by the International Maritime Organization (IMO). During the year, we installed BWTS in the remaining nine vessels of the fleet, compared to 10 installations in 2023.

The IMO's Ballast Water Management Convention has set a September 2024 deadline for all ships that carry and discharge ballast water during international voyages to treat ballast water to meet specific discharge concentrations of aquatic organisms and water-borne pathogens to protect marine ecosystems. Ballast water is the seawater that vessels take on or discharge to maintain draft, stability and balance during voyages. The previous IMO requirement is for ships to minimize risk for coastal ecosystems by exchanging ballast water in open sea, with no requirement for water treatment.

Additionally, exhaust gas cleaning systems (or scrubbers) were installed on nine VLCCs during the year. Scrubber installation allows vessels to use cheaper high-sulfur fuel oil while maintaining compliance with international sulfur oxide emissions standards and enhancing market value of the vessels.

In response to the European Union's inclusion of the maritime sector in its Emissions Trading System (EU ETS) at the beginning of January 2024, we developed systems and dashboards to streamline accounting, trading, tracking and reporting of European Union Allowances (EUAs). This initiative ensures each BU has up-to-date voyage-specific data on EUA balances and transactions, as well as third-party validated EUA statements.

In January 2024, the EU included the maritime sector in its EU ETS regulatory framework, a market-based mechanism aimed at advancing the EU's climate policy objective of reducing greenhouse gas (GHG) emissions. Under this regulation, vessels with at least a 5,000 gross tonnage calling at EU ports or operating within EU waters are required to bear the cost of their GHG emissions, with the proportion of covered emissions increasing over time.

The primary compliance tool under EU ETS is the European Union Allowance, a tradable financial instrument issued by the European Commission. Vessels subject to this regulation must purchase EUAs and then "surrender" these to EU authorities in accordance with their verified actual emissions.



Crew Management

During the year, we transitioned crew recruitment to a fully online platform, streamlining processes and data handling, and improving quality, timeliness and scalability for crewing our vessels.

Meanwhile, over 2,000 crew members received comprehensive onboard safety training across all 93 vessels of our fleet, with each vessel trained by in-house fleet safety trainers. The use of in-house trainers, instead of third-party agencies, ensured the consistent application of safety standards across all vessels. In addition, we implemented a tailored, industry-leading behavior-based safety program designed to mitigate accident risks by shaping behaviors at the worksite.

BSM continued its close collaboration with Saudi maritime learning centers such as the King Abdulaziz Maritime Academy and the National Maritime Academy. In 2024, we provided onboard training to 224 Saudi cadets, including five female cadets – a 22% increase from the 183 cadets trained in the previous year.

Strategic Growth and Rebranding

In July 2024, BSM expanded beyond the Bahri fleet by partnering with Folk Maritime Services Company, a newly established Saudi-based feeder and short-sea shipping operator backed by the Public Investment Fund to advance Saudi Arabia's logistics and maritime sector growth and reduce value leakage from Saudi Arabia in this sector. Under this partnership, BSM will provide a comprehensive range of services to Folk Maritime, including crewing, technical management, shipbuilding supervision, and technical assessments for second-hand vessels planned for acquisition. By end-2024, Folk Maritime's fleet consisted of two vessels, with plans to expand this in 2025.

We ended the year with an official corporate name change from the legacy name Mideast Ship Management to Bahri Ship Management, fully aligning the organization with the Bahri brand and strengthening Bahri's global visibility. Mideast Ship Management was BSM's original name when it was incorporated in 1996, with Acomarit Services Maritime S.A., Bahri's technical partner, owning a 20% equity share. Bahri bought out Acomarit's stake in BSM in 2005, making it a wholly owned subsidiary.

Outlook

For the coming year, BSM remains focused on delivering high-quality ship management support to Bahri's expanding fleet. We will continue efforts to further enhance safety practices, operational performance and cost efficiencies, while leveraging digital transformation initiatives to deliver added value. Maintaining compliance to evolving environmental regulations will likewise be a focus, particularly with the EU rolling out in 2025 its new FuelEU Maritime Regulation targeted at incentivizing GHG intensity reductions for vessels calling at EU ports.

