

**National Gas and Industrialization Company
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2025

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Independent auditor's report to the shareholders of National Gas and Industrialization Company

Report on the audit of consolidated financial statements

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Gas and Industrialization Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key audit matters	<ul style="list-style-type: none">• Revenue recognition• Valuation of unquoted financial asset at fair value through other comprehensive income ("FVOCI")
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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Independent auditor's report to the shareholders of National Gas and Industrialization Company (continued)

Our Audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Revenue recognition</p> <p>For the year ended 31 December 2025, the Group's revenue is SR 3,269 million (2024: SR 2,869 million).</p> <p>Revenue recognition is considered a key audit matter in view of the significance of the amounts involved, having different revenue streams, the susceptibility of such revenues to misstatement and fraud risk, and the fact that the Group's management focuses on revenue as a key performance measures and a driver for the business.</p> <p><i>Refer to Notes 2 and 23 to the Group's consolidated financial statements for the accounting policy related to revenue recognition and relevant disclosures.</i></p>	<p>Our audit procedures for revenue testing, among other audit procedures, included the following:</p> <ul style="list-style-type: none">• Obtained an understanding of the nature of revenue contracts with customers and distributors to determine significant revenue streams;• Obtained an understanding of the various significant revenue streams and identified and evaluated, on a sample basis, the relevant controls;• Considered the appropriateness and tested the consistency of the Group's revenue recognition policies;• Assessed the compliance of such policies with the applicable International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA;• Inspected a sample of sales contracts and transactions to confirm that the related revenue recognition is compliant with IFRS 15 requirements and to obtain evidence that such transactions occurred;• Inspected a sample of sales transactions recorded before and after the year-end to assess the appropriateness of revenue recognition in their corresponding period;• Tested, on a sample basis, journal entries posted to the revenue accounts to identify unusual or irregular postings; and• Assessed the adequacy of the related disclosures in the Group's consolidated financial statements in accordance with IFRS.



Independent auditor's report to the shareholders of National Gas and Industrialization Company (continued)

Our Audit approach (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Valuation of unquoted financial asset held at fair value through other comprehensive income</p> <p>As at 31 December 2025, the Group has a significant investment in unquoted equity instruments amounting to SR 537.3 million (2024: SR 535.2 million) which was classified as financial assets held at fair value through other comprehensive income (FVTOCI).</p> <p>Management engaged an independent expert valuer to determine the fair value of the investment using the Market Method approach (similar companies' method).</p> <p>We considered the valuation of this financial asset as a key audit matter due to the significance of the amounts and the complexity and judgment involved in the determination of its fair value.</p> <p><i>Refer to Notes 2 and 11.1(a) to the Group's consolidated financial statements for the accounting policy and relevant disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">• Obtained an understanding of the business process for the valuation of the Group's unquoted financial asset held at fair value through other comprehensive income and evaluated the design and implementation of key controls over such process;• Evaluated management's independent expert valuer's competence, capabilities and objectivity;• Involved our internal valuation expert to assist us in assessing the valuation methodologies and key assumptions used by management's independent expert valuer;• Tested, on a sample basis, the inputs and judgements used in the fair value measurement as detailed in the consolidated financial statements; and• Assessed the adequacy of related disclosures in the Group's consolidated financial statements in accordance with IFRS.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent auditor's report to the shareholders of National Gas and Industrialization Company (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



Independent auditor's report to the shareholders of National Gas and Industrialization Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Adel Aqqahtani
License No. 614

1 March 2026



National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Consolidated Statement of Financial Position
(All amounts presented in Saudi Riyals unless otherwise stated)

	Note	31 December 2025	31 December 2024*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,063,188,790	927,506,783
Intangible assets	7	78,488,194	55,777,152
Investment properties	8	33,442,174	33,442,174
Right of use assets	9.1	21,488,405	12,199,718
Investments in associates	10	99,825,091	91,947,353
Financial assets held at fair value through other comprehensive income (FVTOCI)	11.1-A	645,286,701	657,591,019
Financial assets held at fair value through profit or loss (FVTPL)	11.1-B, 38	38,061,689	38,023,646
Retention receivable – non-current	13	6,647,418	-
Financial assets held at amortised cost	11.1-C, 38	-	110,123,219
Prepayments and other assets – non-current portion	14	35,988,625	36,383,131
TOTAL NON-CURRENT ASSETS		2,022,417,087	1,962,994,195
CURRENT ASSETS			
Financial assets held at fair value through profit or loss (FVTPL)	11.1-B, 38	124,719,380	216,551,545
Financial assets held at amortised cost	11.1-C, 38	-	437,593
Inventories	12	300,748,569	265,699,254
Accounts receivable	13	61,980,353	50,775,719
Contract assets	23	41,715,271	44,627,416
Prepayments and other assets	14	114,984,894	81,056,709
Cash and cash equivalents	15	122,233,152	75,133,500
TOTAL CURRENT ASSETS		766,381,619	734,281,736
TOTAL ASSETS		2,788,798,706	2,697,275,931
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	750,000,000	750,000,000
Statutory reserve	17	225,000,000	225,000,000
Retained earnings		531,906,972	455,861,045
Share of other comprehensive loss from associates		(3,156,412)	(1,484,393)
Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI)	11.1-A	464,561,525	476,865,843
TOTAL EQUITY		1,968,312,085	1,906,242,495
LIABILITIES			
NON-CURRENT LIABILITIES			
Term loan	19	35,650,000	-
Lease liabilities	9.2	15,979,686	6,561,201
Employees' defined benefits liabilities	20	97,168,000	86,495,930
TOTAL NON-CURRENT LIABILITIES		148,797,686	93,057,131
CURRENT LIABILITIES			
Trade payables		354,073,340	288,412,056
Contract liabilities	23	54,712,374	53,520,670
Lease liabilities	9.2	12,743,199	9,826,128
Accrued expenses and other current liabilities	21	226,249,066	204,850,621
Term loan – current portion	19	12,500,000	119,656,723
Zakat payable	22	11,410,956	21,710,107
TOTAL CURRENT LIABILITIES		671,688,935	697,976,305
TOTAL LIABILITIES		820,486,621	791,033,436
TOTAL EQUITY AND LIABILITIES		2,788,798,706	2,697,275,931

* Refer to note 38 for comparative figures.

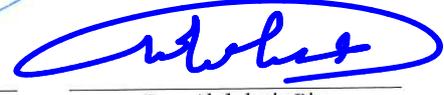
The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.



Mr. Malik
Sumair Hassan
Chief Financial Officer



Eng. Abdulrahman Bin
Abdulaziz Bin Sulaiman
Chief Executive Officer and
Board Member



Eng. Abdulaziz Bin
Fahad Al-Khayyal
Chairman of Board
of Directors

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Consolidated Statement of Comprehensive Income
(All amounts presented in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31	
		2025	2024
Revenues	23	3,268,823,306	2,869,227,721
Cost of revenues	24	(2,850,764,698)	(2,507,764,947)
Gross profit		418,058,608	361,462,774
Selling and distribution expenses	25	(102,015,084)	(80,118,133)
General and administrative expenses	26	(126,919,995)	(140,169,498)
(Provision)/reversal for expected credit losses	13	(323,261)	4,318,737
Operating income		188,800,268	145,493,880
Investments income	27	48,573,751	68,798,605
Loss on disposal of financial assets held at amortised cost		(6,551,114)	-
Finance income		5,826,370	12,693,507
Finance costs	28	(4,661,509)	(5,390,956)
Share of results from associates	10	10,884,757	7,085,924
Other income	29	2,410,119	10,641,058
Income before zakat		245,282,642	239,322,018
Zakat reversal	22	3,848,886	9,427,220
Net income for the year		249,131,528	248,749,238
Other comprehensive (loss)/income			
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement (loss)/gain on employees' defined benefits liabilities	20	(585,601)	1,696,726
Share of other comprehensive loss from associates		(1,672,019)	(1,003,525)
Change in fair value of financial assets held at fair value through other comprehensive loss (FVTOCI)	11.1-A	(12,304,318)	(23,893,253)
Total other comprehensive loss for the year		(14,561,938)	(23,200,052)
Total comprehensive income for the year		234,569,590	225,549,186
Earnings per share			
Weighted average number of outstanding shares		75,000,000	75,000,000
Basic and diluted earnings per share	30	3.32	3.32

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.



Mr. Malik
Sumair Hassan
Chief Financial Officer



Eng. Abdulrahman Bin
Abdulaziz Bin Sulaiman
Chief Executive Officer and
Board Member



Eng. Abdulaziz Bin
Fahad Al-Khayyal
Chairman of Board
of Directors

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Consolidated Statement of Changes in Equity
(All amounts presented in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Share of other comprehensive loss from associates	Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI)	Total equity
Balance at 1 January 2025	750,000,000	225,000,000	455,861,045	(1,484,393)	476,865,843	1,906,242,495
Net income for the year	-	-	249,131,528	-	-	249,131,528
Other comprehensive loss	-	-	(585,601)	(1,672,019)	(12,304,318)	(14,561,938)
Total comprehensive income/(loss) for the year	-	-	248,545,927	(1,672,019)	(12,304,318)	234,569,590
Declared dividends (Note 31)	-	-	(172,500,000)	-	-	(172,500,000)
Balance as at 31 December 2025	750,000,000	225,000,000	531,906,972	(3,156,412)	464,561,525	1,968,312,085
Balance at 1 January 2024	750,000,000	225,000,000	372,469,073	(480,868)	498,705,104	1,845,693,309
Net income for the year	-	-	248,749,238	-	-	248,749,238
Other comprehensive income/(loss)	-	-	1,696,726	(1,003,525)	(23,893,253)	(23,200,052)
Total comprehensive income/(loss) for the year	-	-	250,445,964	(1,003,525)	(23,893,253)	225,549,186
Realised loss transferred to retained earnings	-	-	(2,053,992)	-	2,053,992	-
Declared dividends (Note 31)	-	-	(165,000,000)	-	-	(165,000,000)
Balance as at 31 December 2024	750,000,000	225,000,000	455,861,045	(1,484,393)	476,865,843	1,906,242,495

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.



Mr. Malik Sumair Hassan
Chief Financial Officer



Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman
Chief Executive Officer and Board Member



Eng. Abdulaziz Bin Fahad Al-Khayyal
Chairman of Board of Directors

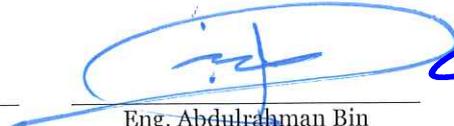
National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
(All amounts presented in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31	
		2025	2024*
Cash flows from operating activities			
Income before zakat		245,282,642	239,322,018
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of property, plant and equipment	6	61,511,736	105,513,262
Amortisation of intangible assets	7	6,283,079	6,553,179
Depreciation of right of use assets	9.1	7,159,666	5,211,862
Loss on disposal of financial asset at amortised cost		6,551,114	-
Finance costs	28	4,661,509	5,390,956
Share of results from associates	10	(10,884,757)	(7,085,924)
Gain on disposal of property, plant and equipment	29	(472,795)	(4,989,965)
Provision for/(reversal of) expected credit losses	13	323,261	(4,318,737)
Reversal of provision for other receivables	14	-	(689,095)
Provision for employees defined benefits liabilities	20	15,313,999	9,707,055
Reversal of provision for slow moving inventories	12.b	(2,155,332)	(645,112)
Provision for/(reversal of) replacing cylinders and others	12.c	1,218,527	(1,291,170)
Change in fair value of financial assets held at fair value through profit or loss (FVTPL)	11.1.B	11,488,641	(8,518,756)
Dividends income received from financial assets held at fair value through other comprehensive income (FVTOCI)	27	(47,510,959)	(47,833,596)
Finance income		(5,826,370)	(12,693,507)
		292,943,961	283,632,470
Changes in working capital:			
Inventories	12	(34,112,510)	(56,634,592)
Accounts receivable	13	(11,527,895)	(11,663,929)
Retention receivable – non-current		(6,647,418)	-
Prepayments and other assets	14	(33,533,679)	(34,212,466)
Financial assets held at fair value through profit or loss (FVTPL)	11.1.B, 38	80,305,481	(24,046,786)
Trade payables		65,661,284	85,209,955
Contract assets		2,912,145	(42,476,658)
Contract liabilities		1,191,704	9,256,773
Accrued expenses and other current liabilities	21	16,377,810	509,514
		373,570,883	209,574,281
Zakat paid	22	(6,450,265)	(16,140,779)
Employees defined benefits liabilities paid	20	(5,227,530)	(37,638,637)
Net cash flows generated from operating activities		361,893,088	155,794,865

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.



Mr. Malik
Sumair Hassan
Chief Financial Officer



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Abdulaziz Bin Sulaiman
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National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows (continued)
(All amounts presented in Saudi Riyals unless otherwise stated)

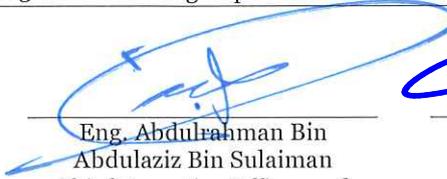
	Note	For the year ended December 31	
		2025	2024*
Cash flows from investing activities			
Additions to property, plant and equipment	6	(201,893,995)	(203,174,456)
Additions to intangible assets	7	(24,970,428)	(21,741,061)
Proceeds from disposal of financial assets held at amortised cost		103,348,886	40,270,581
Proceeds from disposal of financial assets held at fair value through other comprehensive income (FVTOCI)		-	4,242,556
Proceeds from disposal of property, plant and equipment		1,149,354	6,267,776
Dividends income received from associates	10	1,335,000	3,542,990
Dividends income received from financial assets at fair value through other comprehensive income (FVTOCI)	27	47,510,959	47,833,596
Finance income received		6,487,182	12,760,629
Net cash used in investing activities		(67,033,042)	(109,997,389)
Cash flows from financing activities			
Dividends paid	31	(167,479,365)	(160,246,174)
Principal element of lease payments	9.2	(4,112,797)	(2,768,533)
Finance cost element of lease payments	9.2	(925,182)	(589,476)
Loan obtained	19	168,150,000	286,053,127
Loan repayment	19	(239,500,000)	(219,553,127)
Finance costs paid		(3,893,050)	(3,198,091)
Net cash used in financing activities		(247,760,394)	(100,302,274)
Net change in cash and cash equivalents			
		47,099,652	(54,504,798)
Cash and cash equivalents at the beginning of the year		75,133,500	129,638,298
Cash and cash equivalents at the end of the year	15	122,233,152	75,133,500
Non-cash transactions:			
Dividends payable		5,020,635	4,753,826
Change in fair value of financial assets held at fair value through other comprehensive income (FVTOCI)	11.1-A	12,304,318	(23,893,253)
Intangible assets transferred from property, plant and equipment	6	4,023,693	-
Property, plant and equipment transferred to contract assets		-	2,150,758
Additions to the right of use assets and the corresponding lease liabilities	9.1	16,448,353	-
Lease termination against right of use assets	9.1	-	(442,036)
Remeasurement gain on employees' defined benefits liabilities	20	585,601	1,696,726
Share of other comprehensive income from associates		1,672,019	(1,003,525)
Current service cost charge to capital work in progress	20	-	80,238

* Refer to note 38 for comparative figures.

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.



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Chief Financial Officer



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National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025

1 CORPORATE INFORMATION

a) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010002664 dated 22 Rajab 1383H (corresponding to 9 December 1963). The share capital of the Company amounts to SR 750 million and is divided into 75 million shares of SR 10 each. As at 31 December 2025, Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.67% (2024: 6.67%) of the total Company’s shares and the remaining shares are publicly traded.

The Company was established in accordance with the Royal Decree No. 713 dated 03/12/1380H (corresponding to 19 May 1961), to merge the Saudi Gas and Manufacturing Company and National Gas Company with the approval of the General Assembly of both companies, under the letter of H.H. the Minister of Commerce No. 2843/H dated 01/01/1381H (corresponding to 15 June 1961), and the actual merge commenced in 1383H. Later to this date, on 13/06/1384H (corresponding to 20 October 1964), the Council of Ministers Decree No. 820 was issued to merge all the entities involved in gas activities in the Kingdom of Saudi Arabia into the National Gas and Industrialization Company.

b) GROUP ACTIVITIES

The activities of the Company and its subsidiaries (the “Group”) include carrying out all works related to the exploitation, manufacturing and marketing of all kinds of gas and its derivatives and industrial gases inside and outside the Kingdom of Saudi Arabia, selling, manufacturing and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories, carrying out all work related to the manufacturing, transporting and marketing of petroleum, chemical, petrochemical and glass products, establishment or participation in the production of energy, water treatment and environmental services, in addition to the acquisition of real estate and purchase of land for the construction of buildings thereon and investing it through sale or lease in favor of the Group. Also, the Group is incorporated to provide technical and engineering consulting services and training related to all gas and energy works. The Group also has the rights in investing in other companies. In addition, The Group is specialised in establishing, building and maintenance of liquefied petroleum gas (LPG) networks and tanks, developing LPG products and solution. Currently the Group is engaged in selling gas and its derivatives and industrial gases inside the Kingdom of Saudi Arabia and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories.

The registered address of the Group is P.O. Box 564, Riyadh 11421, Kingdom of Saudi Arabia.

The Group has the following subsidiaries:

Subsidiary	Commercial registration number	Nature of activities	Country of incorporation	Effective shareholding percentage	
				2025	2024
1. Gas Solutions Company	1010693275	Gas networks	Saudi Arabia	100%	100%
2. Best Gas Distributor Company	1010851646	Distribution	Saudi Arabia	100%	100%
3. National Carrier Transportation Company	1010851708	Transportation	Saudi Arabia	100%	100%
4. National Gas Supply Company	1010882359	Retail sales	Saudi Arabia	100%	100%
5. National Storage Company	1010924126	Storage and filling	Saudi Arabia	100%	100%
6. Innovators Company for Communications & Information Technology *	1009161653	Communications & IT	Saudi Arabia	100%	100%
7. Aman Al-Mutqadma Industrial Company**	1009143782	Cylinder maintenance	Saudi Arabia	100%	-
8. Company Alastwana Alamina***	7050057202	Manufacturing of cylinders	Saudi Arabia	100%	-

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1 CORPORATE INFORMATION (continued)

b) GROUP ACTIVITIES (continued)

* In December 2024, the Group completed the formal procedures of the newly established subsidiary which have been established based on the Board of Directors' approval in its meeting held on 16 December 2024. The Company started its operation in April 2025.

** In March 2025, the Group completed the legal and regulatory procedures required to formally establish a wholly owned ultimate subsidiary, Aman Al-Mutqadma Industrial Company ("ultimate subsidiary"). The ultimate subsidiary is 100% owned by the National Storage for Storage Company. It started its operations in May 2025.

*** In May 2025, the Group completed the legal and regulatory procedures required to formally establish a wholly owned ultimate subsidiary, Company Alastwana Alamina ("ultimate subsidiary"). The ultimate subsidiary is 100% owned by the National Storage for Storage Company and it did not start its operations as at 31 December 2025.

The shareholders approved, through an extraordinary general assembly meeting held on 4 November 2025, to convert the Company's legal form into a holding company and currently the Company is in the process of making the required legal procedures.

As part of the ongoing Group reorganisation, assets and liabilities are being reallocated from the parent company to each subsidiary based on their respective operational activities. This reallocation has no impact on the Group's consolidated financial statements.

The Group has the following branches as of 31 December 2025 and 2024:

Sr.	Branch	Commercial registration number	Issuing date
1	Riyadh	1010672640	23/04/1442 H
2	Riyadh	1010672641	23/04/1442 H
3	Riyadh	1010828231	25/02/1444 H
4	Riyadh	1009105305	22/03/1446 H
5	Riyadh	1010681388	04/06/1442 H
6	Riyadh	1010672639	23/04/1442 H
7	Dammam	2050001551	07/08/1383 H
8	Buraidah	1131004089	06/04/1402 H
9	Al-Madinah Al-Munawwarah	4650006707	18/03/1402 H
10	Jeddah	4030032503	19/02/1402 H
11	Khamis Mushait	5855004366	25/12/1402 H
12	Taif	4032007367	20/09/1402 H

The assets, liabilities and results of operations of these branches are included in these consolidated financial statements.

Subsequent to the reporting date, the Ministry of Energy approved an increase in the margin on LPG sales. The revised margin will be effective from 1 January 2026. The Group is assessing the financial impact of this change.

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2 MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

i) *Statement of compliance*

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (“IFRS as endorsed in KSA”).

ii) *Historical cost convention*

The consolidated financial statements are prepared under the historical cost convention, except for financial instruments which are measured at fair value at the end of each reporting period and employees defined benefit liability, which is measured using the projected unit credit. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of the transaction.

iii) *Basis of measurement*

These consolidated financial statements are presented in Saudi Riyal (“SR”), which is the Group’s functional and presentation currency, and all values are rounded to the nearest SR, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries as at 31 December 2025 and 2024. The financial year of the subsidiaries is from January to December which is same as the Parent Company. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group’s voting rights and potential voting rights,

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2 MATERIAL ACCOUNTING POLICIES (continued)

a) Basis of preparation (continued)

iii) Basis of measurement (continued)

***Basis of consolidation* (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b) Summary of material accounting policies

The accounting policies used in the preparation of these consolidated financial statements, except for those disclosed in Note 3, are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024. Based on the adoption of new standards (Note 3) and in consideration of the current economic environment, the following accounting policies are applicable effective 1 January 2025 replacing, amending, or adding to the corresponding accounting policies set out in 2024 annual consolidated financial statements.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

i) *Business combinations*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

ii) Current versus non-current classification

The Group 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 realised or intended to be sold or consumed in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting year; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in its normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting year.

The Group classifies all other liabilities as non-current.

iii) Fair value measurement

The Group measures financial instruments such as investments at FVTOCI and investments at FVTPL, at fair value at each reporting date.

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. It is based on the presumption that the transaction takes place either in the principle market or, in its absence, the most advantageous market for the asset and liability to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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 by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

iii) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) 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 recognised in these consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. Involvement of external valuers is determined annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated regularly. The investment team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Note 5)
- Quantitative disclosures of fair value measurement hierarchy (Note 35)
- Investment properties (Note 8)
- Financial assets and financial liabilities (Note 11)

iv) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Projects in progress are stated at cost. When commissioned, projects in progress are transferred to the appropriate property, plant and equipment asset category and depreciated in accordance with the Group's policies. Spare parts and capitalised machines, meeting the definition of property, plant and equipment, are accounted as per the principles of IAS 16 with respect to property, plant and equipment.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

iv) Property, plant and equipment (continued)

The cost less estimated residual value of remaining property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, effective from the date when it was available for use, as follows:

<i>Category of property, plant and equipment</i>	<i>Useful lives</i>
Buildings	33
Motor vehicles and trucks	5-10
Machines and equipment	20
Furniture and fixtures	10
Devices and equipment	3-5
Cages	10
Tools and equipment	5

An item of property, plant and equipment is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. 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 profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

During the year, the Group reviewed the estimated useful lives of certain assets, which resulted in a change in the estimate of the below items:

Nature of assets	Previous useful life (years)	Revised estimated useful life (years)
Buildings	20	33
Motor vehicles and trucks	5	5-10
Machine and equipment	10	20
Cages	5	10
Devices and equipment	5	3-5
Tools and equipment	10	5

The change in estimates of useful lives related to the above items resulted in a decrease in depreciation expense for the year ended 31 December 2025, as follow:

Nature of assets	(Decrease) / increase in depreciation expense for the year ended 31 December 2025
Buildings	(7,614,017)
Motor vehicles and trucks	(21,504,371)
Machine and equipment	(15,661,171)
Cages	(838,567)
Devices and equipment	810,642
Tools and equipment	109,716
	(44,697,768)

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

v) *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised, and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred. The estimated useful lives of intangible assets are as follows:

<i>Category of intangible assets</i>	<i>Useful life</i>
Software	5 years
Right to operate	5 years

Projects in progress are stated at cost. When ready, projects in progress are transferred to the appropriate intangible asset category and amortised in accordance with the Group's policies. Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. 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 recognised in the statement of profit or loss when the asset is derecognised. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation useful life and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation useful life or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

v) *Intangible assets* (continued)

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

Assets arising from service concession arrangements (IFRIC 12)

The Group's operations in relation to the build, operate, and transfer (BOT) projects are carried out under long-term concession arrangements. The Group recognises concession rights in BOT projects resulting from the concession service arrangement, which is under the control of the grantor or regulates the services provided and fixed prices as well as controls any significant remaining interest in infrastructure such as property and equipment in the case of the grantor's infrastructure or created or purchased by the Group as part of a concession service arrangement. The Group recognises an intangible asset arising from a service concession arrangement when it has a right to benefit from the concession infrastructure usage fees. Intangible assets received as consideration for the provision of construction or development services in a service concession arrangement are measured at fair value on initial recognition by reference to the fair value of the services. The BOT concession rights include all costs incurred in connection with the constructed plot. The BOT concession rights also include certain property, plant and equipment that are classified as intangible assets in accordance with the interpretation of IFRIC 12 "Service Concession Arrangements". The intangible aspect in service concession arrangements is the period during which the Group is able to charge the public for the use of gas infrastructure until the end of the concession term which varies depending on the life of the agreement or the useful life of the asset – whichever is shorter. Gains or losses arising from de-recognition of service concession assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

vi) *Investment properties*

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, these are carried at cost less any accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the year of derecognition. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment's properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values for the properties, except lands, over their useful lives, using the straight-line method based on the following depreciation years:

<i>Category of investment properties</i>	<i>Useful life</i>
Buildings	20

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

vi) *Investment properties* (continued)

Any gain or loss arising from sale or disposal of the investment properties which represents the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the consolidated statement of comprehensive income in the year where the sale or disposal occurs. The rent revenue from the operating lease contracts for the investment properties is recognised in the consolidated statement of comprehensive income using the straight-line method over the contract year. The fair value for the investment properties is disclosed in Note 8.

vii) *Impairment of non-financial assets*

The Group 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 Group 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 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.

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 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 Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income "OCI". For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase within OCI.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

viii) Financial instruments

Accounts receivable issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument. A financial asset (unless it is accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

The Group has implemented following classifications for its financial assets:

<i>Financial statement line item</i>	<i>IFRS 9 classification</i>
Accounts receivable	Amortised cost
Cash and cash equivalents	Amortised cost
Financial assets held at amortised cost	Amortised cost
Financial assets at held at fair value through other comprehensive income	Fair value
Financial assets at held at fair value through profit or loss	Fair value

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

viii) Financial instruments (continued)

Financial assets at amortised cost (debt instrument)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes accounts receivable and bonds receivables.

Financial assets designated at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in equity instruments and under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income .

This category includes equity and debt instruments. Dividends from these investments are also recognised as income in statement of profit or loss when the right of payment has been established.

Finance Income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVOCI, Finance income is recognised using the effective interest rate (EIR) method.

Dividends

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

viii) Financial instruments (continued)

Reclassifications

Financial assets are not reclassified after their initial recognition, except in the year after the Group changes its business model for managing financial assets.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets

The Group assesses all information available, including a forward-looking basis for the expected credit loss associated with its assets carried at amortised cost and debt instruments measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring at the asset as at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. The Group considers a financial asset in default when contractual payments are 90 days past due.

For debt instruments measured at FVOCI, impairment gains or losses are recognised in the consolidated statement of comprehensive income.

Expected credit loss assessment for accounts receivable

For accounts receivable only, the Group recognises expected credit losses on simplified approach under IFRS 9. The simplified approach to the recognition of expected credit losses does not require the Group to track the changes in credit risk; rather, the Group recognises a loss allowance based on lifetime expected credit losses at each reporting date from the date of the accounts receivable.

The expected loss rates are based on the payment profiles of receivables over a period of 36 months and corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP of Kingdom of Saudi Arabia (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

viii) Financial instruments (continued)

Classification of financial liabilities

The Group classifies its financial liabilities including long term borrowings, and trade and other payables, all financial liabilities are recognised initially at fair value and in the cost of loans and borrowings and payables net of transactions cost.

Accounts and other payables represent liabilities for goods or services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured. These are recognised initially at fair value.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of the financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of comprehensive income.

Financial liability

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash with portfolio manager. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks and cash with portfolio manager, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

ix) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in investments income in the consolidated statement of comprehensive income due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as investments income in the year in which they are earned.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

x) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after Zakat.

The financial statements of the associate are prepared for the same reporting year as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "Share of results from associates" in consolidated statement of comprehensive income.

xi) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined on a weighted average cost method. The cost includes the expenditures incurred in the acquisition of inventory and the expenditures incurred to deliver the inventory to the related place and current status. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

xii) Dividends distribution

The Group establishes the obligations related to paying the cash dividends to the Group's shareholders when approving the distribution. According to the Regulations for Companies, dividends are approved by the Shareholders at the Annual General Assembly or based on the delegation from the General Assembly to the board of directors to distribute interim dividends. The corresponding amount is directly recognised in equity.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

xiii) Employees' benefits

Employee defined benefit liabilities

The Group operates a defined benefit scheme for its employees in accordance with labor regulations applicable in the Kingdom of Saudi Arabia. Employee's end of service benefits provision is calculated annually by actuaries in accordance with the projected unit credit method. Actuarial gains and losses are recognised in full in the year in which they occur in other comprehensive income. Re-measurements are not reclassified to profit and loss in subsequent years.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Group recognises related restructuring costs

Finance charges is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'cost of revenue, 'general and administrative expenses' and 'selling and distribution expenses' in the consolidated statement of comprehensive income (by function).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net finance charges or income

Other short and long -term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the year in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Early retirement plan

During 2020, the Group adopted new short term employee's early retirement plan, the plan costs are provided for in accordance with the Group's employee benefit policies which is based mainly on the current salary, years of service and the years of service until the normal retirement age. As the termination benefits are expected to be settled wholly before twelve months after the end of the annual reporting year in which the termination benefit is recognised, the Group applies the requirements for short-term employee benefits. The provision is accounted for once the approval is made by the employee for the plan.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

xiv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where 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 Group expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

Contingent assets and liabilities

Contingent assets are not recognised in these consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Group. Financial guarantee given against a loan on behalf of an associate will be recorded in case of liquidation of the associate or whenever there are any indicators of default from the associate.

xv) Borrowing costs

Borrowing costs that are directly attributed to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial year to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

Transaction cost is an upfront fee relating to the arrangements and administrative fees for obtaining of banks borrowings to be used for the Group's capital expenditures. The amounts are deducted from the total facilities upfront. These fees are amortised over the year of the loan agreement, borrowing cost incurred during the year of the construction is capitalised over the capital work on progress, and charged to profit and loss once these assets start its operations.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

xvi) Revenue recognition

The Group is in the business of carrying out all work related to the manufacture and marketing of LPG of all kinds and its derivatives and industrial gases. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group satisfies a performance obligation and recognises revenue over time, if the following criteria is met:

- a The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
- b The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For the performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of the consideration earned by the performance. Where the amount consideration received from a customer exceeds the amounts of services recognised, this gives rise to the contract liabilities.

Specific recognition criteria

Specific recognition criteria described below must also be met before revenue is recognised.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in investments income in the consolidated statement of comprehensive income due to its operating lease.

Revenue from sale of gas, cylinders, tanks and installation services

Revenue from sale of gas, cylinders, tanks and installation services are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services at the Group's location. Selected customers are given 30 to 90 days credit terms upon delivery.

In determining the transaction price for the sale of gas, cylinders and tanks and extensions, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

xvi) Revenue recognition (continued)

Revenue streams by component

- **Gas Solutions Company:**

- Gas Tanks & Accessories: Sales of LPG cylinders, tanks, and related accessories which is recognised at a point in time.
- Infrastructure Construction Projects: Gas-related construction works, including pipelines which is recognised over time.
- Maintenance & Gas Filling: Regular LPG filling services and maintenance of gas systems which is recognised at a point in time.

- **Best Gas Distributor:**

- The Company has one major source of revenue: selling and delivering gas using its specialised Bobtail trucks, which are designed for efficient, high-volume gas distribution which is recognised at a point in time.
- Its key customers are large restaurants and major residential customers that need a steady, reliable gas supply.

- **National Carrier Transportation Company:**

- Gas Transportation Services: The Company transports gas from ARAMCO, the Group's main gas supplier, to its related party National Storage Company, which manages storage and distribution operations and is recognised at a point in time.
- Fleet Maintenance and Spare Parts Services: The Company provides maintenance, repair services, and spare parts for the "Bobtail" delivery fleet operated by its related party, Best Gas Distributor, making this its second major revenue stream and is recognised at a point in time.

- **National Gas Supply Company:**

- Revenue from Gas cylinders: Revenue from gas cylinders is recognised at the point in time when control of the goods is transferred to the customer, generally upon delivery and is recognised at a point in time.

- **National Storage Company for Storage:**

- Gas Sales Revenue from the sale and distribution of gas to residential, commercial, and industrial customers - Recognised at a point in time.
- Gas cylinders and extension parts, sales income from selling LPG cylinders along with related extension components such as valves, regulators, and accessory parts - Recognised at a point in time.

- **Mubtech for Communications and Information Technology:**

Information and communications services including, computer consultancy and computer facilities management activities, data processing, hosting, and related network activities and computer programming activities which are recognised over time.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

xvi) Revenue recognition (continued)

Revenue streams by component (continued)

- Aman Al-Mutqadma Industrial Company:

The Company is engaged in manufacturing (including corrugated paper and paperboard packaging, metal tanks and containers, and other multi-purpose machinery), repair services for fabricated metal products and other equipment, wholesale of waste and scrap and other products not elsewhere classified, retail sale of other household equipment in specialised stores, and the provision of storage services - Recognised at a point in time.

- Company Alastwana Alamina

The Company manufactures metal tanks, reservoirs, and containers - Recognised at a point in time.

Variable consideration

None of the performance obligation is subject to variable consideration.

Significant financing component

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of tanks to a customer. The installation services do not significantly customise or modify the gas tanks.

Contracts for bundled sales of tank and installation services are comprised of two performance obligations because the tank and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the tank and installation services.

Installation services are performed over a short period of time and there is no material impact between recognising the revenue from those services at a point in time or over time, the Group recognises revenue from installation services at point in time i.e. in the accounting period when the service is rendered.

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to accounts receivable.

Accounts receivable

A receivable is recognised if an amount of consideration that is unconditional due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

xvii) Zakat and tax

Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Group is charged to the statement of profit or loss. Additional amounts payable, if any, at the finalisation of final assessments are accounted for when such amounts are determined.

Withholding taxes

The Group withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Value added tax "VAT"

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value of added tax incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the statement of financial position.

xviii) Foreign currencies

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at these consolidated financial statements reporting date for the Group. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. 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 items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI and P&L within the consolidated statement of other comprehensive income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

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2 MATERIAL ACCOUNTING POLICIES (continued)

b) Summary of material accounting policies (continued)

xix) *Selling and distribution, general and administrative expenses*

Selling and distribution, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of revenues and selling and distribution, general and administrative expenses, when required, are made on a consistent basis.

xx) *Income from Islamic financing contracts*

Income from Islamic financing contracts (Sukuk and Murabaha) measured at amortised cost is recognised in profit or loss using the effective yield method, by applying the Effective Profit Rate (“EPR”), on the outstanding balance over the term of the contract.

The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the investment in Islamic financing contracts to their gross carrying amounts.

The calculation of EPR includes transaction costs and processing fees income received that represent an integral part of the EPR. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial assets, such as costs pertaining to evaluation of customers’ credit worthiness, sales commission etc. Processing fees is charged in respect of processing of Islamic financing contracts.

xxi) *Costs of revenues*

Represent the costs of services incurred during the year, which include the cost of inventories, direct labor, and other overheads related to the revenues recognised.

3 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2025:

- Amendments to IAS 21 - Lack of Exchangeability

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

4 New standards and interpretations not yet adopted by the Group

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 1 January 2025 reporting periods and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and amendments is set out below:

- 1 Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

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4 New standards and interpretations not yet adopted by the Group (continued)

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVTOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

2 IFRS 18 “Presentation and Disclosure in Financial Statements” (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the group’s consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the group’s net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
 - o Foreign exchange differences currently aggregated in the line item ‘other income and other gains/(losses) – net’ in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - o IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.
- The line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - o management-defined performance measures;
 - o a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - o for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

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4 New standards and interpretations not yet adopted by the Group (continued)

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3 IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

4 Annual improvements to IFRS – Volume 11 (effective for annual periods beginning on or after 1 January 2026)

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and

IAS 7 Statement of Cash Flows.

5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (Note 34);
- Financial instruments risk management (Note 34); and
- Sensitivity analysis disclosures (Note 34).

a) Judgements

In the process of applying Group's accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Determining the lease term of contracts with renewal and termination options – Group as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or years after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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**5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

a) Judgements (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

Lease contracts for land are over a period of around 99 years. For machines, management has considered their estimated useful lives in assessing whether it is reasonably certain or not to exercise the extension option.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

b) Estimates and assumptions

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 year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of accounts receivable

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in specific sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(continued)

Impairment of inventories

Inventories are measured at lower of cost and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of necessary to make the sale. Adjustments to reduce the cost of inventories to net realisable value, if required, are made at the product level for estimated excess, obsolescence or damages. Factors influencing these adjustments include change in demand, product pricing, physical deterioration and quality issues.

Actuarial estimate

Provision for employees' end of service benefits is made in accordance with the projected unit credit method as per IAS 19 taking into consideration the labor law of the respective country in which the Group operates. The provision is recognised based on the present value of the defined benefit liabilities. The present value of the defined benefit liabilities is calculated using assumptions on the average annual rate of increase in salaries, average year of employment and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each year and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to Saudi Arabian government bond index interest rate swap curve or other basis, if applicable.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the Discounted Cash Flow (DCF) model and market method. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Zakat

As disclosed in Note 22, the Group has open assessments for Zakat for number of years. Management estimates the final amounts to be paid based on independent expert advice in addition to previous experience and adjusts the provision held accordingly.

5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(continued)

Recognition of revenue from construction contracts

The Group uses recognition of revenue and profit over time based on progress of its project through cost to complete method which requires the Group to estimate the proportion of work performed as a proportion of contract costs incurred for work performed to date to the estimated total contract costs. Since contract costs can vary from initial estimates, the reliance on the total contract cost estimate represents an uncertainty inherent in the revenue recognition process. Individual contract budgets are reviewed regularly with project leaders to ensure that cost estimates are based upon up to date and as accurate information as possible and take into account any relevant historic performance experience. Effects of any revision to these estimates are reflected in the year in which the estimates are revised. The Group uses internal quantity surveyors together with project managers to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labour costs, defects liability costs and other costs are included in the construction cost estimates based on best estimates. A 5% change in the amount of total estimated costs as at 31 December 2025 for the five major contracts (by revenue) would result in a decrease of SR 5 million (2024: SR 4 million) in the revenue and corresponding net profit for the year ended.

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6 PROPERTY, PLANT AND EQUIPMENT

	Land * SR	Buildings SR	Motor vehicles and trucks SR	Machines and equipment SR	Furniture and fixtures SR	Devices and equipment SR	Cages SR	Tools and equipment SR	Capital work in progress ** SR	Total SR
Cost:										
At 1 January 2025	30,415,183	503,541,320	619,662,717	627,879,264	21,672,854	36,737,977	96,069,365	4,846,873	340,394,964	2,281,220,517
Additions	16,662,519	7,464,675	25,884,084	6,911,656	1,952,373	2,481,671	5,960,000	1,090,266	133,486,751	201,893,995
Transferred to intangible assets (Note 7)	-	-	-	-	-	-	-	-	(4,023,693)	(4,023,693)
Transfers	-	191,896,025	100,040,324	63,999,480	-	-	-	-	(355,935,829)	-
Disposals	-	-	(2,388,658)	-	(4,600)	-	(72)	-	-	(2,393,330)
At 31 December 2025	47,077,702	702,902,020	743,198,467	698,790,400	23,620,627	39,219,648	102,029,293	5,937,139	113,922,193	2,476,697,489
Accumulated depreciation:										
At 1 January 2025	-	328,296,066	439,708,443	452,459,903	11,663,845	26,646,102	91,805,708	3,133,667	-	1,353,713,734
Charge for the year	-	9,261,992	25,527,389	17,549,023	2,369,842	5,066,607	976,466	760,417	-	61,511,736
Disposals	-	-	(1,713,551)	-	(3,220)	-	-	-	-	(1,716,771)
At 31 December 2025	-	337,558,058	463,522,281	470,008,926	14,030,467	31,712,709	92,782,174	3,894,084	-	1,413,508,699
Net book value:										
At 31 December 2025	47,077,702	365,343,962	279,676,186	228,781,474	9,590,160	7,506,939	9,247,119	2,043,055	113,922,193	1,063,188,790

* Two plots of land with an aggregate value of SR 2.7 million as of 31 December 2025 (31 December 2024: SR 2.7 million) that have been pledged to the Saudi Industrial Development Fund (SIDF). The loan was fully paid in the current period and the Group is in the process of releasing the pledge (Note 19).

** Capital work in progress mainly represents projects to develop the Group's stations and its capacity and the development of the production lines in accordance with the Group's needs and the public safety standards.

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land * SR	Buildings SR	Motor vehicles and trucks SR	Machines and equipment SR	Furniture and fixtures SR	Devices and equipment SR	Cages SR	Tools and equipment SR	Capital work in progress ** SR	Total SR
Cost:										
At 1 January 2024	25,465,183	490,344,132	515,253,259	631,936,179	21,074,415	34,332,529	95,316,266	5,327,523	322,781,369	2,141,830,855
Additions	4,950,000	4,119,861	93,831,960	3,535,881	1,635,360	2,945,756	5,084,144	305,535	86,846,197	203,254,694
Transferred to contract assets	-	-	-	-	-	-	-	-	(2,150,758)	(2,150,758)
Transferred to intangible assets (Note 7)	-	-	-	-	-	-	(2,322,394)	-	-	(2,322,394)
Transfers	-	27,330,005	15,785,826	23,732,215	235,498	-	-	(1,700)	(67,081,844)	-
Disposals	-	(18,252,678)	(5,208,328)	(31,325,011)	(1,272,419)	(540,308)	(2,008,651)	(784,485)	-	(59,391,880)
At 31 December 2024	30,415,183	503,541,320	619,662,717	627,879,264	21,672,854	36,737,977	96,069,365	4,846,873	340,394,964	2,281,220,517
Accumulated depreciation:										
At 1 January 2024	-	331,084,781	392,416,592	452,487,840	10,641,280	23,370,656	93,125,255	3,476,401	-	1,306,602,805
Transferred to intangible assets (Note 7)	-	-	-	-	-	-	(288,264)	-	-	(288,264)
Charge for the year	-	15,303,653	51,597,259	31,283,439	2,265,878	3,665,817	977,366	419,850	-	105,513,262
Disposals	-	(18,092,368)	(4,305,408)	(31,311,376)	(1,243,313)	(390,371)	(2,008,649)	(762,584)	-	(58,114,069)
At 31 December 2024	-	328,296,066	439,708,443	452,459,903	11,663,845	26,646,102	91,805,708	3,133,667	-	1,353,713,734
Net book value:										
At 31 December 2024	30,415,183	175,245,254	179,954,274	175,419,361	10,009,009	10,091,875	4,263,657	1,713,206	340,394,964	927,506,783

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charge for the years ended 31 December was allocated as follows:

	2025	2024
	SR	SR
Cost of revenues (Note 24)	51,996,590	94,275,345
Selling and distribution expenses (Note 25)	4,583,944	5,197,598
General and administrative expenses (Note 26)	4,931,202	6,040,319
	61,511,736	105,513,262

7 INTANGIBLE ASSETS

2025	Software	Right to operate	Projects in progress	Total
	SR	SR	SR	SR
Cost				
1 January	60,895,239	2,502,497	44,551,283	107,949,019
Additions	4,931,392	-	20,039,036	24,970,428
Transfer from property, plant and equipment (Note 6)	4,023,693	-	-	4,023,693
Transfers	6,558,718	-	(6,558,718)	-
31 December	76,409,042	2,502,497	58,031,601	136,943,140
Accumulated amortisation				
1 January	51,686,401	485,466	-	52,171,867
Charge for the year	6,116,246	166,833	-	6,283,079
31 December	57,802,647	652,299	-	58,454,946
Net book value				
31 December 2025	18,606,395	1,850,198	58,031,601	78,488,194
2024	Software	Right to operate	Projects in progress	Total
	SR	SR	SR	SR
Cost				
1 January	59,105,961	-	24,779,603	83,885,564
Transfer from property, plant and equipment (Note 6)	-	2,322,394	-	2,322,394
Additions	1,789,278	180,103	19,771,680	21,741,061
31 December	60,895,239	2,502,497	44,551,283	107,949,019
Accumulated amortisation				
1 January	45,330,423	-	-	45,330,424
Transfer from property, plant and equipment (Note 6)	-	288,264	-	288,264
Charge for the year	6,355,978	197,201	-	6,553,179
31 December	51,686,401	485,466	-	52,171,867
Net book value				
31 December 2024	9,208,838	2,017,031	44,551,283	55,777,152

- a) As at 31 December 2025, projects in progress amounting to SR 58 million (2024: SR 45 million) represent the expenditure on software. The projects are expected to be completed in the year 2025.
- b) Amortisation charged for the year was allocated as follows:

	2025	2024
	SR	SR
Cost of revenues (Note 24)	1,313,443	2,023,329
Selling and distribution expenses (Note 25)	851,047	1,162,360
General and administrative expenses (Note 26)	4,118,589	3,367,490
	6,283,079	6,553,179

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8 INVESTMENT PROPERTIES

Investment properties represent land and buildings, some of which are leased to external parties on an operating lease contract, and they comprise of the following:

	Land	Buildings	Total
	SR	SR	SR
Cost:			
At the beginning of the year	33,594,172	13,676,164	47,270,336
At the end of the year	33,594,172	13,676,164	47,270,336
Accumulated depreciation and impairment:			
At the beginning of the year	152,001	13,676,161	13,828,162
At the end of the year	152,001	13,676,161	13,828,162
Net book value			
At 31 December 2025	33,442,171	3	33,442,174
At 31 December 2024	33,442,171	3	33,442,174

On 10 June 2018, the Group signed a contract to lease one plot of land owned by the Group. The total lease value of the contract amounts to SR 242.5 million for 20 years, in addition to a grace period of 27 months. On 29 May 2019, the Group finalised all legal formalities related to the contract, as such, the contract was effective starting on that date. During the year ended 31 December 2025, the Group recognised SR 11,341,121 (2024: SR 11,061,825) as income from the land lease. The total income from investment properties leases amounted to SR 12,551,433 (2024: SR 12,446,253) (Note 27).

Fair value measurement for the Group's investment properties

The valuation for investment properties which has been performed by a real estate valuer, Barcode Company for assets valuation (license number 1210000001) accredited by the Saudi Authority for Accredited Valuers (TAQEEM) by using accredited valuation techniques such as Market Method (Comparison Approach), amounted to SR 526 million (2024: SR 616 million). The fair value was allocated between the buildings and the lands as follows:

	31 December	31 December
	2025	2024
	SR	SR
Lands	525,632,029	614,469,391
Buildings	202,860	1,699,360
	525,834,889	616,168,751

Description of significant observable inputs to valuation

The significant unobservable inputs used in the fair value measurements of investment properties categorised within Level 3 of the fair value hierarchy as at 31 December 2025, and 2024 are as follows:

Investment property	Valuation technique	Significant unobservable inputs	Description of valuation technique
Lands	Market Method	Price by square meter	Using this method, the market survey is done by valuer for similar land plots founded in the surrounding area and similar to targeted land by area size and in the same district. An increase in the price per square meter would increase the fair value.

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8 INVESTMENT PROPERTIES (continued)

Description of significant observable inputs to valuation (continued)

Sensitivity analysis

Description	Fair value at 31 December		Unobservable inputs	Range of inputs		Sensitivity
	2025	2024		2025	2024	
	SR	SR				
Lands	525,632,029	614,469,391	Price by square meter	SR 150 to SR 30,083	SR 300 to SR 35,000	Change by +/-1% will result in an increase/decrease of FV by SR 5.2 million (2024: SR 6.2 million).
Buildings	202,860	1,699,360	Price by square meter	SR 1,400 to SR 1,400	SR 1,400 to SR 1,700	Change by +/-1% will result in an increase/decrease of FV by SR 2 thousand (2024: SR 17 thousand).

9 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various plots of lands. Leases of land generally have lease terms between 3 and 99 years. The Group's obligations under its leases are secured by the lessor's title to the leased lands. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

9.1 Right of use assets

Set out below are the carrying amounts of right of use assets recognised and the movements during the year:

	31 December	31 December
	2025	2024
	SR	SR
1 January	12,199,718	17,853,616
Additions during the year	16,448,353	-
Termination of lease	-	(442,036)
Depreciation charge for the year	(7,159,666)	(5,211,862)
31 December	21,488,405	12,199,718

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9 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

9.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	31 December 2025 SR	31 December 2024 SR
1 January	16,387,329	19,597,898
Additions during the year	16,448,353	-
Terminations during the year	-	(442,036)
Paid during the year	(5,037,979)	(3,358,009)
Finance costs for the year (Note 28)	925,182	589,476
31 December	28,722,885	16,387,329
Current portion	(12,743,199)	(9,826,128)
Non-current portion	15,979,686	6,561,201

The following are the amounts recognised in the consolidated statements of comprehensive income:

	2025 SR	2024 SR
Depreciation expense of right of use assets	7,159,666	5,211,862
Finance costs on lease liabilities (Note 28)	925,182	589,476
Expense relating to short-term leases	2,593,011	2,087,545
Total amount recognised in profit or loss	10,677,859	7,888,883

The below is the undiscounted lease payments schedule:

	2025 SR	2024 SR
Within the next 12 months	13,681,208	10,497,838
Between 2 and 5 years	15,295,983	6,550,861
Beyond 5 years	3,389,480	1,920,150
	32,366,671	18,968,849

The Group has a lease contract that includes extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and aligning with the Group's business needs. Management exercises significant judgement in determining whether this extension option is reasonably certain to be exercised.

Group as a lessor

The Group has entered into operating leases on lands. These are long-term leases. Rental income recognised by the Group during the year is SR 12,551,433 (2024: SR 12,446,253) (Note 27).

The below is the undiscounted lease payments schedule:

	2025 SR	2024 SR
Within the next 12 months	11,867,500	12,557,757
Year 2	12,832,500	12,407,757
Year 3	12,545,000	11,545,257
Year 4	12,545,000	11,257,757
5 years and above	160,578,750	171,379,987
	210,368,750	219,148,515

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10 INVESTMENTS IN ASSOCIATES

The table below outlines the Group's investments in associates:

Associates	Ownership % 2025	Ownership % 2024	Place of business	Nature of activities	31 December 2025	31 December 2024
Saudi Gas Cylinder Factory Company	33.1%	33.1%	Saudi Arabia	Manufacturing of gas cylinders	42,618,762	39,125,594
Natural Gas Distribution Company	35%	35%	Saudi Arabia	Gas distribution	21,916,385	20,791,688
East Gas Company	35%	35%	Saudi Arabia	Gas distribution	35,289,944	32,030,071
					99,825,091	91,947,353

The movement of investments in associates is as follows:

	Saudi Gas Cylinder Factory Company	Natural Gas Distribution Company	East Gas Company	Total	Saudi Gas Cylinder Factory Company	Natural Gas Distribution Company	East Gas Company	Total
	For the year ended 31 December 2025				For the year ended 31 December 2024			
As at 1 January	39,125,594	20,791,688	32,030,071	91,947,353	37,768,954	20,339,988	31,299,002	89,407,944
Amount recognised in P&L								
Current year share of results	4,836,700	2,093,214	3,123,499	10,053,413	4,116,632	1,366,877	1,626,181	7,109,690
Prior year adjustment	282,701	(47,731)	596,374	831,344	(62,781)	(5,873)	44,888	(23,766)
	5,119,401	2,045,483	3,719,873	10,884,757	4,053,851	1,361,004	1,671,069	7,085,924
Amount recognised in OCI								
Share of other comprehensive loss	(1,626,233)	(45,786)	-	(1,672,019)	(969,221)	(34,304)	-	(1,003,525)
Dividends declared	-	(875,000)	(460,000)	(1,335,000)	(1,727,990)	(875,000)	(940,000)	(3,542,990)
As at 31 December	42,618,762	21,916,385	35,289,944	99,825,091	39,125,594	20,791,688	32,030,071	91,947,353

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10 INVESTMENTS IN ASSOCIATES (continued)

10.1 Summarised financial information of associates

The tables below provide summarised financial information of the Group's associates. The information disclosed reflects the amounts presented in the available financial statements of the relevant investee and not GASCO's share of those amounts.

	Saudi Gas Cylinder Factory Company	Natural Gas Distribution Company	East Gas Company	Total
	As at 31 December 2025			
Non-current assets	42,797,106	68,143,094	91,718,187	
Current assets	146,184,222	36,488,219	49,904,348	
Non-current liabilities	14,894,026	8,121,684	7,477,557	
Current liabilities	31,132,610	33,891,386	33,316,568	
Net assets	142,954,692	62,618,243	100,828,410	
Reconciliation:				
Group's share	33.1%	35.0%	35.0%	
Group's share in associate	47,346,594	21,916,385	35,289,944	104,552,923
Elimination of upstream transactions*	(4,727,832)	-	-	(4,727,832)
Carrying amount	42,618,762	21,916,385	35,289,944	99,825,091
	For the year ended 31 December 2025			
Revenue	119,057,205	149,008,271	149,064,532	
Gross profit	25,945,129	11,199,851	23,775,743	
Zakat expense	(2,862,503)	(149,338)	(377,474)	
Net profit for the year	21,230,104	5,980,612	8,924,280	
Reconciliation:				
Group's share	33.1%	35.0%	35.0%	
Group's share in associate	7,031,410	2,093,214	3,123,499	12,248,123
Elimination of upstream transactions*	(2,194,710)	-	-	(2,194,710)
Group's share of results	4,836,700	2,093,214	3,123,499	10,053,413
	For the year ended 31 December 2025			
Other comprehensive loss	(4,910,124)	(130,818)	-	
Reconciliation:				
Group's share	33.1%	35.0%	35.0%	
Group's share of other comprehensive losses for the year	(1,626,233)	(45,786)	-	

* Represents the Group share in the unrealised profit of unsold inventory from the relevant investee.

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10 INVESTMENTS IN ASSOCIATES (continued)

10.1 Summarised financial information of associates (continued)

	Saudi Gas Cylinder Factory Company	Natural Gas Distribution Company	East Gas Company	Total
	As at 31 December 2024			
Non-current assets	44,838,682	64,180,870	67,193,359	
Current assets	110,906,623	29,809,729	55,363,197	
Non-current liabilities	12,264,528	5,264,287	2,299,104	
Current liabilities	17,498,129	29,304,709	28,871,215	
Net assets	125,982,648	59,421,603	91,386,237	
Reconciliation:				
Group's share	33.1%	35.0%	35.0%	
Group's share in associate	41,725,453	20,797,561	31,985,183	94,508,197
Elimination of upstream transactions*	(2,537,078)	-	-	(2,537,078)
Prior year adjustments	(62,781)	(5,873)	44,888	(23,766)
Carrying amount	39,125,594	20,791,688	32,030,071	91,947,353
	For the year ended 31 December 2024			
Revenue	108,158,687	109,921,407	141,010,619	
Gross profit	20,318,786	8,527,556	25,910,959	
Zakat expense	2,613,159	98,011	939,235	
Net profit for the year	15,154,725	3,905,362	4,646,232	
Net profit for Saudi Gas Cylinder Factory from January 1 to March 31	748,155	-	-	
Reconciliation:				
Group's share from January 1 to March 31	37.6%	35.0%	35.0%	
Group's share from April 1 to December 31	33.1%	35.0%	35.0%	
Group's share in associate	5,052,538	1,366,877	1,626,181	8,045,596
Elimination of upstream transactions*	(2,537,078)	-	-	(2,537,078)
Reclassification of gain from OCI	1,601,172	-	-	1,601,172
Group's share of results	4,116,632	1,366,877	1,626,181	7,109,690
	For the year ended 31 December 2024			
Other comprehensive gain/(loss)	1,901,029	(98,011)	-	
Other comprehensive gain for Saudi Gas Cylinder Factory from January 1 to March 31	52,365	-	-	
Reconciliation:				
Group's share from January 1 to March 31	37.6%	35.0%	35.0%	
Group's share from April 1 to December 31	33.1%	35.0%	35.0%	
Group's share in associate	631,951	(34,304)	-	597,647
Reclassification of gain to share of profit	(1,601,172)	-	-	(1,601,172)
Group's share of other comprehensive losses for the year	(969,221)	(34,304)	-	(1,003,525)

* Represents the Group share in the unrealised profit of unsold inventory from the relevant investee.

11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

11.1 FINANCIAL ASSETS

	31 December 2025 SR	31 December 2024* SR
Financial assets at fair value through other comprehensive income (A)	645,286,701	657,591,019
Financial assets at fair value through profit or loss (B)	162,781,069	254,575,191
Financial assets held at amortised cost (C)	-	110,560,812
	808,067,770	1,022,727,022

* Refer to note 38 for comparative figures.

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11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

11.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	31 December 2025 SR	31 December 2024 SR
Investment in equity instruments – unquoted (Notes a, b and c)	537,314,000	535,250,000
Closed REITs	39,477,900	41,136,600
Investments in equity instruments – quoted*	68,494,801	81,204,419
	<u>645,286,701</u>	<u>657,591,019</u>

- a) The above investments in equity instrument which is unquoted have been evaluated by management through an independent expert valuer, who issued a report on the valuation of investment in the National Industrial Gases Company as of 31 December 2025 and 31 December 2024, using the similar companies' method (Market Method).
- b) During 2025, the General Assembly of National Industrial Gases Company, approved distribution of dividends to the partners amounting to SR 520 million (2024: SR 520 million). The Group's share is 9%, equivalent to SR 46.8 million (2024: SR 46.8 million).
- c) The significant unobservable inputs used in the fair value measurement of equity instruments categorised within Level 3 of the fair value hierarchy as at 31 December 2025 and 2024 are as follows:

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11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

11.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income (continued)

Unquoted equity investment	Valuation technique	Significant unobservable inputs	Description of valuation technique
National Industrial Gases Company	Market Method	Comparable entities Discount factor	This approach establishes value by comparison to recent sales of comparable assets or other multiple such as enterprise value over earnings before interest, tax, depreciation and amortisation (EV/EBITDA). The market approach is a general way of determining the value of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

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11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

11.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income (continued)

Sensitivity analysis

Description	Fair value at 31 December		Unobservable inputs	Inputs		Sensitivity
	2025	2024		2025	2024	
National Industrial Gases Company	537,314,000	535,250,000	EV/EBITDA	10.01X	9.74X	Change by +/-0.1 X, will change FV increase/decrease by SR 6 million (2024: SR 6 million).
			Discount factor	10%	10%	Change by +/-1% will change FV decrease/increase by SR 7 million (2024: SR 7 million).

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) 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 recognised in these consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

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11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

11.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income (continued)

The following table shows the fair values of the investments at fair value through other comprehensive income and including their levels in the fair value hierarchy:

	Opening balance	Change in fair value	Sale of investments	Ending balance	Fair value			Total
					Level 1	Level 2	Level 3	
31 December 2025								
National Industrial Gases Company	535,250,000	2,064,000	-	537,314,000	-	-	537,314,000	537,314,000
Arabian United Floating Glass Company	66,151,275	(10,444,937)	-	55,706,338	55,706,338	-	-	55,706,338
Closed REITs	41,136,600	(1,658,700)	-	39,477,900	-	39,477,900	-	39,477,900
Investments in equity instruments – quoted	15,053,144	(2,264,681)	-	12,788,463	12,788,463	-	-	12,788,463
	657,591,019	(12,304,318)	-	645,286,701	68,494,801	39,477,900	537,314,000	645,286,701
	Opening balance	Change in fair value	Sale of investments	Ending balance	Fair value			Total
31 December 2024					Level 1	Level 2	Level 3	
National Industrial Gases Company	547,624,176	(12,374,176)	-	535,250,000	-	-	535,250,000	535,250,000
Arabian United Floating Glass Company	79,083,070	(8,689,239)	(4,242,556)	66,151,275	66,151,275	-	-	66,151,275
Closed REITs	41,310,000	(173,400)	-	41,136,600	-	41,136,600	-	41,136,600
Investments in equity instruments – quoted	17,709,582	(2,656,438)	-	15,053,144	15,053,144	-	-	15,053,144
	685,726,828	(23,893,253)	(4,242,556)	657,591,019	81,204,419	41,136,600	535,250,000	657,591,019

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11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

11.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income (continued)

The movement in investments in equity instruments held at fair value through other comprehensive income is as follows:

	31 December 2025 SR	31 December 2024 SR
1 January	657,591,019	685,726,828
Disposal during the year	-	(4,242,556)
Changes in fair value	(12,304,318)	(23,893,253)
31 December	645,286,701	657,591,019

The movement in unrealised gain from financial assets held at fair value through other comprehensive income is as follows:

	31 December 2025 SR	31 December 2024 SR
1 January	476,865,843	498,705,104
Realised loss transferred to retained earnings	-	2,053,992
Change in fair value	(12,304,318)	(23,893,253)
31 December	464,561,525	476,865,843

B Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss comprises the following:

	31 December 2025 SR	31 December 2024* SR
Portfolio of traded securities	124,719,380	116,272,717
Tier 1 sukuk	38,061,689	138,302,474
	162,781,069	254,575,191
Less: current portion	(124,719,380)	(216,551,545)
Non-current portion	38,061,689	38,023,646

The above represents financial assets held for trading.

The movement in carrying amount were as follows:

	31 December 2025 SR	31 December 2024* SR
1 January	254,575,191	222,009,649
Additions during the year	20,000,000	38,302,474
Disposals during the year	(100,305,481)	(14,255,688)
Changes in fair value (Note 27)	(11,488,641)	8,518,756
31 December	162,781,069	254,575,191

* Refer to note 38 for comparative figures.

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11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

11.1 FINANCIAL ASSETS (continued)

C Financial assets held at amortised cost

Financial assets held at amortised cost comprise the following:

	31 December 2025 SR	31 December 2024* SR
<i>Investments at amortised cost</i>		
Sukuk	-	110,560,812
Less: current portion	-	(437,593)
Non-current portion	-	110,123,219
<i>Other financial assets at amortised cost</i>		
Accounts receivable (Note 13)	68,627,771	50,775,719
Retention receivable	6,647,418	-
Cash and cash equivalents (Note 15)	122,233,152	75,133,500
	197,508,341	125,909,219

* Refer to note 38 for comparative figures.

The fair value of the investments at amortised cost amounted to nil (2024: SR 111 million), which was valued as per the trading price in the capital market at the end of the reporting period.

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11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

11.2 FINANCIAL LIABILITIES

Financial liabilities held at amortised cost

	<i>Effective interest rate</i>	<i>Maturity</i>	2025 SR	2024 SR
Current interest free liabilities				
Trade payables	<i>Interest free</i>	<i>Less than 1 year</i>	354,073,340	288,412,056
Accrued expenses and other current liabilities	<i>Interest free</i>	<i>Less than 1 year</i>	226,249,066	204,850,621
Current interest-bearing liabilities				
Lease liabilities	5.8%	<i>Less than 1 year</i>	12,743,199	9,826,128
Term loan	6.5%	<i>Less than 1 year</i>	12,500,000	119,656,723
Non-current interest-bearing liabilities				
Lease liabilities	5.8%	<i>More than 1 year</i>	15,979,686	6,561,201
Term loan	6.5%	<i>More than 1 year</i>	35,650,000	-

Changes in liabilities arising from financing activities:

	1 January 2025 SR	Cash flows SR	Dividend Declared SR	Finance cost SR	Transfer SR	Additions SR	31 December 2025 SR
Dividends payable (Note 21)	123,022,051	(167,479,365)	172,500,000	-	-	-	128,042,686
Term loans, net (Note 19)	119,656,723	(243,393,050)	-	3,736,327	-	168,150,000	48,150,000
Lease liabilities (Note 9.2)	16,387,329	(5,037,979)	-	925,182	-	16,448,353	28,722,885
Total	259,066,103	(415,910,394)	172,500,000	4,661,509	-	184,598,353	204,915,571

	1 January 2024 SR	Cash flows SR	Dividend Declared SR	Finance cost SR	Transfer SR	Additions SR	31 December 2024 SR
Dividends payable (Note 21)	118,268,225	169,753,826	(165,000,000)	-	-	-	123,022,051
Term loans, net (Note 19)	51,553,334	(222,751,218)	-	4,801,480	-	286,053,127	119,656,723
Lease liabilities (Note 9.2)	19,597,898	(3,358,009)	-	589,476	-	(442,036)	16,387,329
Total	189,419,457	(56,355,401)	(165,000,000)	5,390,956	-	285,611,091	259,066,103

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12 INVENTORIES

	31 December 2025 SR	31 December 2024 SR
Gas	53,096,077	33,422,002
Gas cylinders	175,436,563	168,913,118
Tanks	6,619,649	6,611,391
Spare parts and other materials	86,114,266	79,982,864
	<u>321,266,555</u>	<u>288,929,375</u>
Provision for slow moving and obsolete items	(19,422,776)	(21,578,108)
Provision for replacing cylinders and others	(1,095,210)	(1,652,013)
	<u>300,748,569</u>	<u>265,699,254</u>

a) The cost of revenues in the statement of comprehensive income for the year ended 31 December 2025 includes an inventory cost amounted to SR 2,349,128,477 (2024: SR 2,067,752,108).

b) The movement in provision for slow moving inventories during the year is as follows:

	31 December 2025 SR	31 December 2024 SR
1 January	21,578,108	20,932,996
(Reversal)/Charge for the year (Note 24)	(2,155,332)	645,112
31 December	<u>19,422,776</u>	<u>21,578,108</u>

c) The movement in provision for replacing/maintaining cylinders and others during the year is as follows:

	31 December 2025 SR	31 December 2024 SR
1 January	1,652,013	1,671,198
Charge for the year (Note 24)	1,218,527	1,291,170
Write-off	(1,775,330)	(1,310,355)
31 December	<u>1,095,210</u>	<u>1,652,013</u>

13 ACCOUNTS RECEIVABLE

	31 December 2025 SR	31 December 2024 SR
Trade receivables *	71,051,617	52,344,663
Non-trade receivables	2,134,966	2,666,607
	<u>73,186,583</u>	<u>55,011,270</u>
Provision for expected credit losses	(4,558,812)	(4,235,551)
	<u>68,627,771</u>	<u>50,775,719</u>
Retention receivable – non-current	6,647,418	-

* This amount includes retention receivable amounting to SR 8 million as at 31 December 2025 (31 December 2024: SR 7 million).

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13 ACCOUNTS RECEIVABLE (continued)

Terms and conditions of the above financial assets:

Accounts receivable are non-interest bearing and are generally on terms of 15 days from the end of the month. The Group obtained collateral over certain receivables amounted to SR 18 million (2024: SR 9 million).

a) *The movement in provision for expected credit loss on accounts receivable is as follows:*

	31 December 2025 SR	31 December 2024 SR
1 January	4,235,551	8,554,288
Charge for the year	640,241	-
Reversal	(316,980)	(4,318,737)
31 December	<u>4,558,812</u>	<u>4,235,551</u>

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses (“ECL”) using the simplified approach. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date

b) *Accounts receivable compromise three categories as follows:*

- Trading Customers
- Governmental Customers
- Non-Trading Customers

Below is the summary of each type of accounts receivable balance and the expected credit loss amount:

	Trading customers	Governmental customers	Non-Trading customers	Total SR
2025				
Accounts receivable	65,998,945	4,937,375	2,250,263	73,186,583
Expected credit loss	(2,291,027)	(28,133)	(2,239,652)	(4,558,812)
	<u>63,707,918</u>	<u>4,909,242</u>	<u>10,611</u>	<u>68,627,771</u>
2024				
Accounts receivable	50,441,147	1,903,518	2,666,605	55,011,270
Expected credit loss	(2,625,050)	(1,574,609)	(35,892)	(4,235,551)
	<u>47,816,097</u>	<u>328,909</u>	<u>2,630,713</u>	<u>50,775,719</u>

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13 ACCOUNTS RECEIVABLE (continued)

Terms and conditions of the above financial assets: (continued)

b) *Accounts receivable comprise three categories as follows: (continued)*

The aging analysis of each type of accounts receivable is as follows:

	Days past due					Total SR
	Not past due SR	1-90 day SR	91-180 day SR	181-365 day SR	Above 365 day SR	
<i>At 31 December 2025</i>						
Trading customers	29,988,633	11,347,525	6,977,482	6,960,902	10,724,403	65,998,945
Expected loss rate % (rounded)	0.26%	2.02%	3.49%	9.11%	10.30%	
Expected credit loss	78,917	229,560	243,817	634,138	1,104,595	2,291,027
 <i>At 31 December 2024</i>						
Trading customers	31,883,846	11,043,534	3,141,403	2,217,141	2,155,223	50,441,147
Expected loss rate % (rounded)	1.00%	2.31%	4.35%	8.76%	79.77%	
Expected credit loss	319,994	254,954	136,647	194,243	1,719,212	2,625,050

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13 ACCOUNTS RECEIVABLE (continued)

Terms and conditions of the above financial assets: (continued)

b) *Accounts receivable compromise three categories as follows: (continued)*

	<i>Days past due</i>					Total SR
	Not past due SR	1-90 day SR	91-180 day SR	181-365 day SR	Above 365 day SR	
At 31 December 2025						
Non-trading customers	1,888,017	2,258,223	512,625	148,207	130,303	4,937,375
Expected loss rate % (rounded)	0.06%	0.59%	1.22%	2.52%	2.79%	
Expected credit loss	1,081	13,394	6,278	3,739	3,641	28,133
<i>At 31 December 2024</i>						
Non-trading customers	-	12,525	375,663	-	1,515,330	1,903,518
Expected loss rate % (rounded)	-	8.61%	15.49%	-	100.00%	
Expected credit loss	-	1,078	58,201	-	1,515,330	1,574,609
	<i>Days past due</i>					Total SR
	Not past due SR	1-90 day SR	91-180 day SR	181-365 day SR	Above 365 day SR	
At 31 December 2025						
Governmental customers	-	10,611	-	-	2,239,652	2,250,263
Expected loss rate % (rounded)	0.00%	0.00%	0.00%	0.00%	100.00%	
Expected credit loss	-	-	-	-	2,239,652	2,239,652
<i>At 31 December 2024</i>						
Governmental customers	1,332,250	453,320	54,098	326,832	500,105	2,666,605
Expected loss rate % (rounded)	0.06%	0.54%	1.09%	3.55%	4.10%	
Expected credit loss	763	2,426	589	11,609	20,505	35,892

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14 PREPAYMENTS AND OTHER ASSETS

	31 December 2025 SR	31 December 2024 SR
Accrued rent	35,988,625	36,383,131
Dividends receivable	-	875,000
Advances to suppliers and contractors	87,278,072	57,007,812
Prepaid expenses	9,735,338	9,417,557
Value added tax receivable	9,663,321	8,221,623
Employees' receivable	5,188,495	3,773,428
Others	3,119,668	1,761,289
	150,973,519	117,439,840
Provision for expected credit loss on other receivables	-	-
	150,973,519	117,439,840
Less: non-current accrued rent	(35,988,625)	(36,383,131)
	114,984,894	81,056,709

The movement in provision for other receivables is as follows:

	31 December 2025 SR	31 December 2024 SR
1 January	-	689,095
Reversal	-	(689,095)
31 December	-	-

15 CASH AND CASH EQUIVALENTS

	31 December 2025 SR	31 December 2024 SR
Bank balances	116,626,705	65,443,621
Cash with portfolio managers	5,606,447	9,689,879
	122,233,152	75,133,500

16 SHARE CAPITAL

As at 31 December 2025 and 2024, authorised, issued and fully paid capital comprises 75 million shares of SR 10 each.

17 STATUTORY RESERVE

The balance represents the amount that was required by the previous Company's Bylaws, where the Company must set aside 10% of its net profit, the Company may resolve to discontinue such transfer when it has built up a reserve equal 30% of the capital. This having been achieved, the Company has resolved to discontinue such transfer. The reserve is not currently available for distribution. The Group updated its Bylaws to be in line with the new Regulation of Companies in which the transfer to the statutory reserve won't be required anymore.

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18 OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on its geographical regions within Kingdom of Saudi Arabia, as follows:

	Central region	Western region	Eastern region	Southern region	Elimination	Total
	SR	SR	SR	SR	SR	SR
2025						
Revenues-external	4,097,485,805	1,303,767,846	601,977,396	436,438,792	(3,170,846,533)	3,268,823,306
Cost of revenues	(3,835,512,737)	(1,203,022,660)	(530,406,383)	(382,674,183)	3,160,624,200	(2,790,991,763)
Depreciation and amortisation	(50,835,145)	(9,284,649)	(2,353,044)	(5,321,977)	-	(67,794,815)
Depreciation of right of use assets	(6,291,448)	-	(459,645)	(408,573)	-	(7,159,666)
Selling and distribution	(81,957,258)	(21,602,596)	(9,397,687)	(6,530,136)	22,909,933	(96,577,744)
General and administrative	(84,828,507)	(23,485,124)	(10,887,937)	(7,785,669)	9,811,448	(117,175,789)
Reversal of provision for expected credit losses	(572,558)	63,260	185,960	77	-	(323,261)
Operating income	37,488,152	46,436,077	48,658,660	33,718,331	22,499,048	188,800,268
Total assets	2,744,037,800	647,599,840	247,440,262	251,606,387	(2,043,220,618)	1,847,463,671
Total liabilities	1,426,547,400	469,291,756	196,892,234	171,605,940	(1,503,411,665)	760,925,665
2024						
Revenues-external	1,569,704,635	1,255,320,165	588,564,715	410,376,244	(954,738,038)	2,869,227,721
Cost of revenues	(1,377,895,181)	(1,092,706,810)	(509,626,004)	(371,197,633)	944,620,080	(2,406,805,548)
Depreciation and amortisation	(29,103,170)	(49,535,326)	(16,400,206)	(17,027,739)	-	(112,066,441)
Depreciation of right of use assets	(1,725,237)	(2,003,923)	(743,889)	(738,813)	-	(5,211,862)
Selling and distribution	(40,570,538)	(24,378,891)	(10,953,114)	(7,717,417)	10,117,958	(73,502,002)
General and administrative	(58,903,760)	(39,851,215)	(18,682,780)	(13,028,970)	-	(130,466,725)
Reversal of provision for expected credit losses	2,010,580	1,544,378	495,196	268,583	-	4,318,737
Operating income	63,517,329	48,388,378	32,653,918	934,255	-	145,493,880
Total assets	1,111,051,963	329,874,740	73,205,162	110,684,685	(75,657,168)	1,549,159,382
Total liabilities	344,667,531	135,747,333	52,820,068	40,774,506	75,657,168	649,666,606

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18 OPERATING SEGMENTS (continued)

The top management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and is measured consistently with operating profit in the consolidated financial statements. Also, the Group's financing including finance costs, salaries and benefits of the management, directors, finance and IT departments, legal and HR departments, administrative and support department, other expenses and other income and Zakat are managed on a Group basis and are not allocated to operating segments.

The revenue information above is based on the regional location of the customers. Segment revenue reported above represents revenue generated from external customers. No single customer contributed 10% or more to the Group's revenues. zakat payable, term loan, investments in associates, investment properties and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Inter-company revenues are eliminated upon consolidation and reflected in the elimination's column. All other adjustments and eliminations are part of detailed reconciliations presented further below:

Reconciliation of profit

	2025	2024
	SR	SR
Segment profit	188,800,268	145,493,880
Share of results from associates	10,884,757	7,085,924
Investments income	48,573,751	68,798,605
Loss on disposal of financial asset at amortised cost	(6,551,114)	-
Finance income	5,826,370	12,693,507
Finance costs	(4,661,509)	(5,390,956)
Other income	2,410,119	10,641,058
Zakat	3,848,886	9,427,220
Profit after zakat	249,131,528	248,749,238

Reconciliation of assets

	31 December	31 December
	2025	2024
	SR	SR
Segment operating assets	1,847,463,671	1,549,159,382
Investments in associates	99,825,091	91,947,353
Financial assets held at fair value through other comprehensive income (FVTOCI)	645,286,701	657,591,019
Financial assets held at amortised cost	38,061,689	248,863,286
Financial assets held at fair value through profit or loss (FVTPL)	124,719,380	116,272,717
Investment properties	33,442,174	33,442,174
Total assets	2,788,798,706	2,697,275,931

Reconciliation of liabilities

	31 December	31 December
	2025	2024
	SR	SR
Segment operating liabilities	760,925,665	649,666,606
Term loan	48,150,000	119,656,723
Zakat payable	11,410,956	21,710,107
Total liabilities	820,486,621	791,033,436

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19 TERM LOAN

	31 December 2025 SR	31 December 2024 SR
Principal amount at 1 January	119,500,000	53,000,000
Add: Loans taken during the year	168,150,000	286,053,127
Less: Repayment	(239,500,000)	(219,553,127)
Principal amount at 31 December	48,150,000	119,500,000
Less: Un-amortised portion of transaction cost	-	(111,082)
Add: Accrued interest	-	267,805
Net amount	48,150,000	119,656,723
Less: current portion	(12,500,000)	(119,656,723)
The non-current portion	35,650,000	-

During 2020, the Group received the full facility amounting to SR 186.8 million, after deducting upfront fees of SR 16.2 million, according to the facility agreement. The repayment of the financing has been scheduled in ten semi-annual unequal installments starting from 15 Safar 1442H (corresponding to 2 October 2020).

As at 31 December 2025, the Group had available unused credit facilities from local banks amounting to SR 509 million (31 December 2024: SR 197 million).

19.1 On 17 Muharram 1440 H (corresponding to 27 September 2018), the Group signed an agreement to obtain a loan from Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the Group. The terms of the loan span over a tenure of 5 years. The loan carries only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and incur to follow-up charges which are paid on semi-annual basis over the term of the loan. Further, this loan carries certain conditions/covenants, such as maintaining required current asset ratios during the term of the loan and a specific ratio of liabilities to net tangible value. The agreement also contains undertaking pledges of seven plots of land with a cost of SR 17.6 million; of which the Group has pledged two plots (Note 6). The loan was fully paid in the current period, and the Group is in the process of releasing the pledge.

During the year, the Group signed an agreement to obtain another loan from Saudi Industrial Development Fund (SIDF) amounting to SR 50 million. The term of the loan span over a tenure of 2 years. The loan carries only an upfront fee amount of SR 1.85 million. Further, this loan carries certain conditions/covenants, such as maintaining required current asset ratios during the term of the loan and a specific ratio of liabilities to net tangible value.

Below is the movement of the SIDF loan:

	31 December 2025 SR	31 December 2024 SR
Principal amount due at beginning of the year	26,500,000	53,000,000
Add: new loan	48,150,000	-
Less: repayment	(26,500,000)	(26,500,000)
Principal amount at end of the year	48,150,000	26,500,000
Less: Un-amortised portion of transaction cost	-	(111,082)
Net amount	48,150,000	26,388,918
Less: current portion	(12,500,000)	(26,388,918)
Non-current portion	35,650,000	-

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19 TERM LOAN (continued)

19.2 The Group has various short term loans for a period of three months from a local bank amounting SR 90 million with an annual profit yield between 6.5% - 7.0%. On 26 March 2025, the Group signed a loan agreement with Alinma bank amounting to SR 75 million, at a rate of 6.35% per annum and maturing within 3 months. The loan is not attached to any covenants or collaterals. Below is the movement of the loan:

	31 December 2025 SR	31 December 2024 SR
Principal amount due at beginning of the year	93,000,000	-
Add: Loans taken during the year	120,000,000	286,053,127
Less: Repayment	(213,000,000)	(193,053,127)
Principal amount at end of the year	-	93,000,000
Add: accrued interest	-	267,805
Net amount	-	93,267,805

20 EMPLOYEES' DEFINED BENEFITS LIABILITIES

The Group grants employee defined benefit liabilities ("benefit plan") to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefits provided by this benefit plan is a lump sum based on the employees' final salaries and allowances and their cumulative years of service at the date of termination of employment.

The benefit liability recognised in the consolidated statement of financial position in respect of the employee defined benefit liabilities is the present value of the defined benefit obligation at the reporting date. The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

a) *The movement of employee defined benefit liabilities for the two years ended 31 December is as follows:*

	31 December 2025 SR	31 December 2024 SR
1 January	86,495,930	116,044,000
Amount recognised in profit or loss		
Current service cost	10,031,999	2,999,055
Finance charge	5,282,000	6,708,000
Amount recognised in other comprehensive income		
Remeasurement loss/(gain) on employees defined benefit liabilities	585,601	(1,696,726)
Current service cost charge to work in progress	-	80,238
Paid during the year	(5,227,530)	(37,638,637)
31 December	97,168,000	86,495,930

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20 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

b) *The principal assumptions used for the purposes of the actuarial valuation were as follows:*

	31 December	31 December
	2025	2024
	SR	SR
Discount rate	5.5%	5.8%
Future salary increases	3.0%	4%
Retirement age	60	60

c) *All movements in the employee defined benefit liabilities are recognised in profit or loss except for the actuarial gain which is recognised in other comprehensive income are as follows:*

	31 December	31 December
	2025	2024
	SR	SR
Actuarial gains on employees defined benefits liabilities		
Gain due to change in financial assumptions	1,213,659	5,851,000
Loss due to change in experience adjustment	(628,058)	(4,154,274)
	585,601	1,696,726

d) *Sensitivity analysis*

The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability:

	31 December	31 December
	2025	2024
	SR	SR
Discount rate		
Increase 1%	(8,453,000)	(7,675,930)
Decrease 1 %	9,792,000	8,979,070
The future increase in the salaries		
Increase 1%	9,860,000	9,054,070
Decrease 1%	(8,657,000)	(7,870,930)

e) *The following are the expected payments or contributions to the employees in future years:*

	31 December	31 December
	2025	2024
	SR	SR
Within the next 12 months	9,157,000	8,869,000
Between 2 and 5 years	21,752,000	22,516,930
Beyond 5 years	66,259,000	55,110,000
	97,168,000	86,495,930

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (2024: 10 years).

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21 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2025 SR	31 December 2024 SR
Dividends payable	128,042,686	123,022,051
Accrued expenses	59,234,742	47,719,078
Accrued employees' benefits	25,292,955	25,520,654
Board of Directors and committees' remunerations	4,085,000	3,341,846
Security deposits from customers	3,188,571	2,522,991
Others	6,405,112	2,724,001
	<u>226,249,066</u>	<u>204,850,621</u>

22 ZAKAT PAYABLE

a) *The charge for the year is calculated based on the following:*

	31 December 2025 SR	31 December 2024 SR
Equity	2,033,918,566	1,659,334,916
Opening provisions and other adjustments	-	120,382,482
Book value of long-term assets	(1,994,839,490)	(1,917,427,545)
	39,079,076	(137,710,147)
Adjusted net income for the year	247,207,303	251,674,209
Zakat base	<u>286,286,379</u>	<u>113,964,062</u>

The differences between the financial and zakatable results are mainly due to provisions, which are not allowed in the calculation of adjusted net income for the year.

b) *The movement in zakat provision comprises the following:*

	31 December 2025 SR	31 December 2024 SR
At the beginning of the year	21,710,107	47,278,106
Charge for the year	8,499,635	8,548,979
Reversal during the year	(12,348,521)	(17,976,199)
Paid during the year	(6,450,265)	(16,140,779)
At the end of the year	<u>11,410,956</u>	<u>21,710,107</u>

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22 ZAKAT PAYABLE (continued)

c) *Details of the zakat charge for the year:*

	2025	2024
	SR	SR
Current year provision	8,499,635	8,548,979
Reversal of provision*	(12,348,521)	(17,976,199)
Total zakat expense for the year	<u>(3,848,886)</u>	<u>(9,427,220)</u>

* During the year, there have been a reversal of SR 12 million (2024: SR 18 million) which mainly relates to prior years additional assessments that were settled and closed.

Status of assessments

The Group obtained final assessment for zakat until the end of the year 2010 and for the years 2014 until 2020.

2011 to 2013 status:

The Group did not receive the zakat assessments for the years 2011 until 2013.

2021 to 2023 status:

The Group has submitted its consolidated zakat returns for the years 2021 until 2024. For the years 2021 and 2022, the assessments have been raised by ZATCA subsequent to the year ended 2024, which resulted in an additional amount of SR 1.4 million. The Group has submitted objection against the assessments with the relevant Appeal Committee. Subsequent to year-end, the Group received assessment for the year 2023 amounting to SR 1.9 million. No assessment has been raised by ZATCA for the year 2024.

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23 REVENUE FROM CONTRACT WITH CUSTOMERS

Type of goods or services

	2025	2024
	SR	SR
Gas sales	3,039,743,242	2,643,824,034
Gas cylinders and tanks, and extension parts' sales	114,184,853	103,555,056
Commercial projects	78,136,158	98,929,702
Service, transportation and installation revenue	24,010,980	15,894,344
Scrap sales	12,748,073	7,024,585
	<u>3,268,823,306</u>	<u>2,869,227,721</u>

Geographical markets

The Group has revenues from a single geographical market which is the Kingdom of Saudi Arabia.

Timing of revenue recognition

	2025	2024
	SR	SR
Goods and services transferred at a point in time	3,190,687,148	2,770,298,019
Services transferred over time	78,136,158	98,929,702
	<u>3,268,823,306</u>	<u>2,869,227,721</u>

Contract balances

	2025	2024
	SR	SR
Accounts receivable (Note 13)	68,627,771	50,775,719
Retention receivable	6,647,418	-
Contract assets	41,715,271	44,627,416
Contract liabilities	54,712,374	53,520,670

Contract liabilities include short-term advances received to supply gases in tanks and filled gas cylinders to commercial and industrial customers. Those products and services are normally provided after the reporting period, therefore contract liabilities represent advances which were generally received close to year end.

Performance obligations

Information about the Group's performance obligations is summarised below:

Gas, cylinders, tanks and installation services

The performance obligation is satisfied upon delivery of the related goods/service and payment is generally due upon delivery

Commercial projects

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

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23 REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2025 SR	2024 SR
Revenue recognised that was included in the contract liability balance at the beginning of the year	53,520,670	35,212,431

All contracts are for periods of one year or less are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. Variable consideration is not applicable due to the Group's business model.

24 COST OF REVENUES

	2025 SR	2024 SR
Cost of gas sold	2,188,195,209	1,853,586,678
Employee costs	244,099,954	227,175,248
Cost of gas cylinders and tanks, and extension parts	127,660,770	115,323,954
Transportation expense	93,267,428	58,843,664
Spare parts	33,272,498	48,206,963
Depreciation of property, plant and equipment (Note 6)	51,996,590	94,275,345
Cost of other commercial projects	49,872,526	49,565,974
IT costs	18,047,014	17,825,175
Utilities	14,829,036	13,572,215
Deprecation of right of use assets	6,462,903	4,660,725
Insurance expenses	5,124,989	7,492,773
Amortisation of intangible assets (Note 7)	1,313,443	2,023,329
Provision for replacing cylinders and others (Note 12)	1,218,527	1,291,170
Repairs and maintenance	5,774,667	3,932,280
(Reversal)/provision for slow moving inventories (Note 12)	(2,155,332)	645,112
Other expenses	11,784,476	9,344,342
	<u>2,850,764,698</u>	<u>2,507,764,947</u>

25 SELLING AND DISTRIBUTION EXPENSES

	2025 SR	2024 SR
Employee costs	56,013,781	44,694,726
Advertising	14,171,460	11,415,540
IT cost	6,015,672	5,937,758
Fuel	5,286,595	4,826,793
Depreciation of property, plant and equipment (Note 6)	4,583,944	5,197,598
Bank charges	3,518,637	3,213,160
Amortisation of intangible assets (Note 7)	851,047	1,162,360
Insurance	469,952	424,588
Others	11,103,996	3,245,610
	<u>102,015,084</u>	<u>80,118,133</u>

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26 GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	SR	SR
Employee costs	76,144,642	80,973,041
Professional fees *	12,754,838	11,959,088
Remuneration of the Board of Directors and committees	6,154,721	5,418,038
Technical support and computer application licenses	6,015,671	8,635,759
Utilities	5,486,093	3,203,452
Depreciation of property plant and equipment (Note 6)	4,931,202	6,040,319
Amortisation of intangible assets (Note 7)	4,118,589	3,367,490
Insurance expense	1,451,757	952,564
Repair and maintenance	554,269	4,002,766
Bank charges	269,886	1,519,082
Others	9,038,327	14,097,899
	126,919,995	140,169,498

* Auditor's remuneration for the statutory audit and quarters reviews of the Group's consolidated financial statements for the year ended 31 December 2025 amounted to SR 3 million (2024: SR 2 million) and other related services amounted to SR 134 thousand (2024: SR 108 thousand).

27 INVESTMENTS INCOME

	2025	2024
	SR	SR
Dividends income from investment at FVOCI	47,510,959	47,833,596
Rent income from investment properties (Note 8)	12,551,433	12,446,253
Change in fair value of financial assets held at FVTPL (Note 11.1.b)	(11,488,641)	8,518,756
	48,573,751	68,798,605

28 FINANCE COSTS

	2025	2024
	SR	SR
Unwinding of transaction costs on loans (Note (a) below and Note 19)	111,082	1,335,584
Follow up fees on term loan	73,321	735,432
Finance cost on lease liabilities (Note 9.2)	925,182	589,476
Finance cost on term loans	3,551,924	2,730,464
	4,661,509	5,390,956

a) *The movement of unmortised transaction costs including the effects of unwinding of the transaction cost during the year was as follows:*

	2025	2024
	SR	SR
At 1 January	111,082	1,446,666
Less: unwinding of transaction costs on loans	(111,082)	(1,335,584)
At 31 December	-	111,082

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29 OTHER INCOME, NET

	2025	2024
	SR	SR
Gain on disposal of property, plant and equipment, net	472,795	4,989,965
Foreign currency exchange differences	1,841,184	826,433
Others	96,140	4,824,660
	2,410,119	10,641,058

30 EARNINGS PER SHARE

Earnings per share were calculated based on the weighted average number of shares outstanding. The diluted earnings per share is the same as the basic earnings per share, as the Group has not issued any discounted instruments as at 31 December:

	2025	2024
	SR	SR
Profit for the year	249,131,528	248,749,238
Weighted average number of outstanding shares	75,000,000	75,000,000
Basic and diluted earnings per share	3.32	3.32

31 DIVIDENDS

The Group's Board of Directors decided on 18 Jumada Al-Thani 1447H (corresponding to 9 December 2025), to distribute interim cash dividends to the shareholders for the second half of 2025 of SR 1.15 per share, amounting to SR 86.3 million in accordance with the authorization granted by the Ordinary General Assembly. (2024: The Group's Board of Directors decided on 15 Jumada Al-Akhira 1446H (corresponding to 16 December 2024), to distribute interim cash dividends to the shareholders for the second half of 2024 of SR 1.10 per share, amounting to SR 82.5 million in accordance with the authorization granted by the Ordinary General Assembly. These interim cash dividends were distributed subsequently to the shareholders on 29 Rajab 1446H corresponding to 29 January 2025).

The Company's Board of Directors decided on 27 Dhul-Hijjah 1446H (corresponding to 23 June 2025), to distribute interim cash dividends to the shareholders for the first half of 2025 of SR 1.15 per share, amounting to SR 86.3 million in accordance with the authorisation granted by the Ordinary General Assembly held on 29 Dhul-Qidah 1446H (corresponding to 27 May 2025) (2024: the Company's Board of Directors decided on 26 Dhul-Qidah 1445H (corresponding to 3 June 2024), to distribute interim cash dividends to shareholders for the first half of 2024 of SR 1.10 per share, amounting to SR 82.5 million in accordance with the authorisation granted by the Ordinary General Assembly held on 18 Dhul-Qidah 1445H (corresponding to 26 May 2024)).

32 COMMITMENTS AND CONTINGENCIES

Contingencies

The Group received a claim for the rent of one of the branches for the period from 9 April 1976 to 13 November 2021 amounting to SR 18.3 million. The legal advisor believes that the expected outcome from this matter will be in favor of the Group and management filed an objection to comply with the basis of the contractual terms.

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32 COMMITMENTS AND CONTINGENCIES (continued)

Guarantees and letters of credit

The Group has submitted a bank guarantee to Saudi Arabian Oil Company “Saudi Aramco” amounting to SR 560 million (2024: SR 280 million) relating to the supply of liquefied gas products.

The Group has no outstanding letters of credit as at 31 December 2025 (31 December 2024: SR 34.3 million).

The Group has other outstanding letters of guarantees as at 31 December 2025 amounting to SR 13.8 million (31 December 2024: SR 25.5 million).

Commitments

As at 31 December 2025, the Group has commitments of SR 70.3 million (31 December 2024: SR 89.6 million) related to capital work in progress under property, plant and equipment and intangible assets.

33 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group’s management

a) *Transactions with related parties included in the statement comprehensive income are as follows:*

Name	Relationship
Saudi Gas Cylinder Factory Company	Associate

b) *The significant transactions and related balances for the years ended 31 December are as follows:*

	2025	2024
	SR	SR
Purchases of gas cylinders and tanks	85,909,212	85,271,730

c) *Amounts due to related parties*

	2025	2024
	SR	SR
Saudi Gas Cylinder Factory Company	25,024,098	15,257,367

The above balances are unsecured, interest free and have no fixed repayment. Further, these have been disclosed as part of the trade payable.

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33 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Key management personnel compensation

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management is shown below:

	2025	2024
	SR	SR
Key management personnel salaries and benefits - short term	15,878,748	20,211,302
Board of directors' members remunerations	6,154,721	5,418,038
Post-retirement benefits	1,119,727	1,853,201
Total	23,153,196	27,482,541

The amounts disclosed in the above table are the amounts recognised as an expense during the reporting period related to key management personnel.

34 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities, comprise loans and borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable, and cash and cash equivalents that derive directly from its operations. The Group also holds investments in debt and equity instruments. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments.

Currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitors the fluctuations in currency exchange rates on a regular basis. The Group's exposure to foreign currency changes for US dollars is not material due to the fact that the Saudi Riyals is pegged with US dollars, and the Group does not have any material assets or liabilities in US dollars as at 31 December 2025.

The Group has the following significant financial liability exposures, denominated in foreign currency:

	2025	2024
	SR	SR
Euro	11,234,936	-

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34 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Market risk (continued)

Currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in Euro currency exchange rate. With all other variables held constant, the Group's profit before zakat is affected through the impact on change in Euro currency exchange rate, as follows:

	1% increase SR	1% decrease SR
2025	497,708	(497,708)
2024	-	-

Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to equity investments at fair value listed on the market was SR 209 million (2024: SR 297 million). Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the market index, the Group has determined that an increase/(decrease) of 1% on the market index could have an impact of approximately SR 2 million (2024: SR 3 million) increase/(decrease) on the income and equity attributable to the Group.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's short-term loans have a short tenure and carry a floating rate of interest and is carried at amortised cost. Accordingly, management believes that the Group is not subject to any significant interest rate risk because it is a practice of the Group to settle all short-term debt obligations at the time of maturity which is generally one month.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	45 basis points increase SR	45 basis points decrease SR
2025	(216,675)	216,675
2024	(538,955)	538,955

Liquidity risk

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. These forecasts are taken into consideration in the Group's financing plans.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The tables have been compiled based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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34 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Within one year SR	1-5 years SR	Over 5 years SR	Total SR
<i>At 31 December 2025</i>				
Trade payables	354,073,340	-	-	354,073,340
Accrued expenses and other current liabilities	226,249,066	-	-	226,249,066
Lease liabilities	13,681,208	15,295,983	3,389,480	32,366,671
Term loan	12,500,000	35,650,000	-	48,150,000
	<u>606,503,614</u>	<u>50,945,983</u>	<u>3,389,480</u>	<u>660,839,077</u>
	Within one year SR	1-5 years SR	Over 5 years SR	Total SR
<i>At 31 December 2024</i>				
Trade payables	288,412,056	-	-	288,412,056
Accrued expenses and other current liabilities	204,850,621	-	-	204,850,621
Lease liabilities	10,497,838	6,550,861	1,920,150	18,968,849
Term loan	119,656,723	-	-	119,656,723
	<u>623,417,238</u>	<u>6,550,861</u>	<u>1,920,150</u>	<u>631,888,249</u>

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily accounts receivable) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); and
- Default of the financial asset for 90 days or more from its maturity date.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred.

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34 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is of impaired credit includes the following observable data:

- Significant financial difficulty of the customer, such as delay in payment, decline in business...etc.
- A breach of contract such as default or delinquency for a period of more than 90 days.
- It is becoming probable that the customer will enter bankruptcy or other financial restructuring.

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Receivables with low risk of default and have a high ability to meet contractual payments.	Lifetime expected losses
Under-performing	Receivables with high credit risk is considered high when payment is delayed for 45 days.	Lifetime expected losses
Non-performing	Payments are 120 days past due.	Lifetime expected losses
Provision	Payments are more than 360 days past due and there is no reasonable expectation of recovery.	Lifetime expected losses with 100% provision.

Accounts receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11.1-C, 13 and 15. The Group holds collateral as security. The cash deposits and other forms of collaterals are considered integral part of accounts receivable and considered in the calculation of impairment. At 31 December 2025, SR 2 million (2024: SR 9 million) of the total Groups accounts receivable are covered by cash deposits and other forms of collaterals. The Group evaluates the concentration of risk with respect to accounts receivable as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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34 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Debt securities

The Group's debt instruments comprised solely of quoted bonds as at 31 December 2025 (2024: quoted and unquoted bonds) that are graded in the top investment category from accredited credit rating agency and, therefore, are considered to be low credit risk investments. As at 31 December 2025, the Group calculated the provision for expected credit losses on its debt instruments at amortised cost of nil (2024: SR 62,637) which is immaterial for the management.

The credit ratings of investments as at 31 December 2025 and 2024 are as follows:

	31 December 2025 SR	31 December 2024* SR
A1	-	110,123,219
A2	-	-
Unrated	-	-
	<u>-</u>	<u>110,123,219</u>

* refer to note 38 for comparative figures.

Accrued rent

Accrued rent comprises of rental income receivable from investment properties. As per the Group's policy, surplus funds are invested in reliable investment opportunities such as real estate, amongst others, only with the approval of the Investment Committee. The Management minimises the risks of any financial loss through the counterparty's failure to make payments through obtaining bank guarantees or promissory notes from the counterparty which covers the counterparty's next year rent amount. As at 31 December 2025, the Group management assessed the impact of the provision for expected credit losses and it is immaterial.

Employee receivables

The employees' receivables are advances given to employees which is SR 5.1 million (2024: SR 3.8 million) as at December 31 and at the date of paying such amounts to the employee a schedule for the payments on monthly basis should be signed by the employee, and as per the Group policy all amounts should be recovered in less than one year from the date of paying the advance and should be guaranteed against employee end of service provision of the same employee. Accordingly, all the balances are guaranteed against the employee end of service. As at 31 December 2025 and 2024, the Group management assessed the impact of the provision for expected credit losses and it is immaterial.

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34 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Cash at banks

The Group has kept cash and cash equivalents in reputable banks and reputable portfolio managers, so the expected credit losses of cash and cash equivalents as at 31 December 2025 amounted to SR 32,172 (31 December 2024: SR 12,641) which is immaterial for the management.

The credit ratings of banks in which the Group holds cash as at 31 December 2025 and 2024 are as follows:

	31 December 2025 SR	31 December 2024 SR
A1	122,233,152	71,472,974
A2	-	3,640,017
A3	-	-
BBB	-	-
Unrated	-	20,509
	122,233,152	75,133,500

Capital management

For the purpose of the Group's management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group informally monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, short term loans, lease liabilities, employees' defined benefit liabilities, zakat payable, less cash and bank balances.

	31 December 2025 SR	31 December 2024 SR
Term loan	48,150,000	119,767,805
Lease liabilities	28,722,885	16,387,329
Employees' defined benefits liabilities	97,168,000	86,495,930
Zakat provision	11,410,956	21,710,107
Less: Cash and cash equivalents	(122,233,152)	(75,133,500)
Net debt	63,218,689	169,227,671
Equity	1,968,312,085	1,906,242,495
Equity and net debt	2,031,530,774	2,075,470,166
Gearing ratio	3.11%	8.15%

35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability (Note 11.1.a).

The table below shows the carrying values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, and does not include fair value information of financial assets and liabilities which are not measured at fair value if the carrying value reasonably approximates the fair value:

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35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	31 December 2025						
	Carrying value			Fair value			
	Fair value SR	Amortised cost SR	Total SR	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets							
Financial assets held at FVOCI	645,286,701	-	645,286,701	68,494,801	39,477,900	537,314,000	645,286,701
Financial assets held at amortised cost	-	-	-	-	-	-	-
Financial assets held at FVTPL	162,781,069	-	162,781,069	162,781,069	-	-	162,781,069
Accounts receivable at amortised cost	-	61,980,353	61,980,353	-	-	-	-
Retention receivable – non-current	-	6,647,418	6,647,418	-	-	-	-
Other assets at amortised cost	-	53,960,109	53,960,109	-	-	-	-
Cash and cash equivalents at amortised cost	-	122,233,152	122,233,152	-	-	-	-
Total	808,067,770	244,821,032	1,052,888,802	231,275,870	39,477,900	537,314,000	808,067,770
Financial liabilities at amortised cost							
Lease liabilities	-	16,387,329	16,387,329	-	-	-	-
Term loan	-	119,656,723	119,656,723	-	-	-	-
Trade payables	-	288,412,056	288,412,056	-	-	-	-
Accrued expenses and others current liabilities	-	204,850,621	204,850,621	-	-	-	-
Total	-	629,306,729	629,306,729	-	-	-	-

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35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	31 December 2024						
	Carrying value			Fair value			
	Fair value SR	Amortised cost SR	Total SR	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets							
Financial assets held at FVOCI	657,591,019	-	657,591,019	81,204,419	41,136,600	535,250,000	657,591,019
Financial assets held at amortised cost*	-	110,560,812	110,560,812	-	-	-	-
Financial assets held at FVTPL*	254,575,191	-	254,575,191	254,575,191	-	-	254,575,191
Accounts receivable at amortised cost	-	50,775,719	50,775,719	-	-	-	-
Other assets at amortised cost	-	51,014,471	51,014,471	-	-	-	-
Cash and cash equivalents at amortised cost	-	75,133,500	75,133,500	-	-	-	-
Total	912,166,210	287,484,502	1,199,650,712	335,779,610	41,136,600	535,250,000	912,166,210
Financial liabilities at amortised cost							
Lease liabilities	-	16,387,329	16,387,329	-	-	-	-
Term loan	-	119,656,723	119,656,723	-	-	-	-
Trade payables	-	288,412,056	288,412,056	-	-	-	-
Accrued expenses and others current liabilities	-	204,850,621	204,850,621	-	-	-	-
Total	-	629,306,729	629,306,729	-	-	-	-

* refer to note 38 for comparative figures.

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35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Valuation of investments in funds – Level 2

The Group's investments in funds ('Investee Funds') are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are valued based on the latest available redemption price of such units for each Investee Fund, as determined by the Investee Funds' administrators. The Group reviews the details of the reported information obtained from the Investee Funds and considers:

- the liquidity of the Investee Fund or its underlying investments;
- the value date of the net asset value "NAV" provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's advisors.

If necessary, the Group makes adjustments to the NAV of various Investee Funds to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the statement of comprehensive income include the change in fair value of each Investee Fund.

36 EVENTS SUBSEQUENT TO THE REPORTING DATE

In the opinion of the management, except for the events mentioned in Notes 1 and 22(c), there have been no significant subsequent events since the year-end that require disclosure or adjustment in these consolidated financial statements.

37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 17 February 2026.

38 COMPARATIVE FIGURES

Certain investments in Tier 1 perpetual securities previously classified as financial assets held at amortised cost amounting to SR 138 million at 31 December 2024, out of which SR 100 million as current and SR 38 million as non-current (SR 100 million at 1 January 2024 – non-current) have been reclassified to financial assets held at FVTPL current and non-current categories respectively, to appropriately reflect the nature of the investments "equity instruments" (refer to note 11 for further details). Related cash flows items and notes were also reclassified.