

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REVIEW REPORT**

**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2021
(UNAUDITED)**

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Independent auditors' review report on the interim condensed consolidated financial statements to the shareholders of National Gas and Industrialization Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Gas and Industrialization Company (A Saudi Joint Stock Company) (the "Company") and its subsidiary (collectively referred to as the "Group") as at 30 June 2021, and the related interim condensed consolidated statements of comprehensive income, for the three and six month periods ended 30 June 2021, and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

Except as described in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Included in accrued expenses and other current liabilities is an unapplied collection account of SR 27.4 million (31 December 2020: SR 27.4 million). During 2020, the Company discovered that certain transactions totaling SR 25.7 million related to embezzlement transactions committed by a former employee, were routed through this account. These transactions were reversed as at 31 December 2020. Due to lack of information, other transactions in this account could not be traced and the closing balance not reconciled as at 30 June 2021. We were unable to satisfy ourselves with respect to the existence and completeness of this account, nor were we able to perform other alternative procedures. Accordingly, we are unable to determine if any adjustments may have been necessary on the balances as at 30 June 2021 and the results of operations for the period then ended and to the respective comparative figures.

Independent auditors' review report on the interim condensed consolidated financial statements to the shareholders of National Gas and Industrialization Company (A Saudi Joint Stock Company) - (continued)

Qualified Conclusion

Based on our review, and except for any adjustments to the accompanying interim condensed consolidated financial statements that we might have become aware of had it not been for the matter described in the "Basis for Qualified Conclusion" section, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. (277)

Riyadh: 11 Muharram 1443H
(19 August 2021)



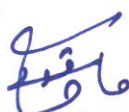
National Gas and Industrialization Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

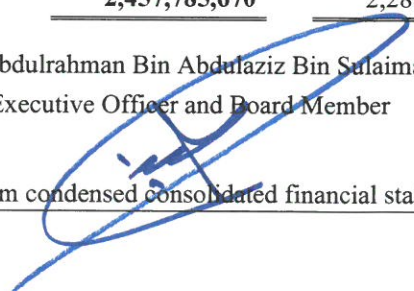
As at 30 June 2021

| | Note | 30 June 2021 (Unaudited) SR | 31 December 2020 (Audited) SR |
|------------------------------------------------|------|-----------------------------------|-------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 655,602,322 | 633,521,175 |
| Intangible assets | | 29,235,157 | 32,895,035 |
| Investment properties | | 34,353,174 | 34,353,174 |
| Right-of-use assets | | 2,372,298 | 3,401,454 |
| Investments in associates | 6 | 83,160,845 | 80,270,034 |
| Financial assets held at FVOCI | | 696,913,947 | 665,158,145 |
| Financial assets held at amortised cost | | 30,000,000 | 30,000,000 |
| TOTAL NON-CURRENT ASSETS | | 1,531,637,743 | 1,479,599,017 |
| CURRENT ASSETS | | | |
| Financial assets held at FVTPL | | 498,287,816 | 279,498,455 |
| Inventories, net | | 157,252,102 | 157,748,632 |
| Accounts receivable, net | 7 | 37,828,398 | 45,481,461 |
| Prepayments and other current assets | | 55,771,119 | 49,077,895 |
| Cash and cash equivalents | 8 | 177,008,492 | 277,111,159 |
| TOTAL CURRENT ASSETS | | 926,147,927 | 808,917,602 |
| TOTAL ASSETS | | 2,457,785,670 | 2,288,516,619 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 750,000,000 | 750,000,000 |
| Statutory reserve | | 225,000,000 | 225,000,000 |
| Retained earnings | | 124,142,217 | 44,448,445 |
| Unrealized gains from investments at FVTOCI | | 577,714,453 | 545,958,651 |
| TOTAL EQUITY | | 1,676,856,670 | 1,565,407,096 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Term loan | 9 | 129,023,971 | 143,641,682 |
| Lease liabilities | | 639,366 | 2,241,877 |
| Employees' defined benefits liabilities | 10 | 151,687,000 | 156,481,393 |
| TOTAL NON-CURRENT LIABILITIES | | 281,350,337 | 302,364,952 |
| CURRENT LIABILITIES | | | |
| Trade payables | | 165,238,462 | 111,055,415 |
| Lease liabilities - current portion | | 3,512,869 | 2,308,953 |
| Accrued expenses and other current liabilities | 11 | 212,382,564 | 190,077,960 |
| Term loan – current portion | 9 | 34,000,000 | 32,000,000 |
| Zakat payable | 12 | 84,444,768 | 85,302,243 |
| TOTAL CURRENT LIABILITIES | | 499,578,663 | 420,744,571 |
| TOTAL LIABILITIES | | 780,929,000 | 723,109,523 |
| TOTAL EQUITY AND LIABILITIES | | 2,457,785,670 | 2,288,516,619 |

Mr. Majed Ahmed Qwaider
Chief Financial Officer



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



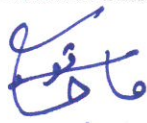
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

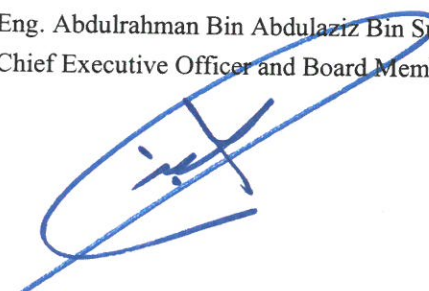
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three and six months period ended 30 June 2021

| | Notes | For the three months period ended 30 June | | For the six months period ended 30 June | |
|-----------------------------------------------------------------------------------------------------------------|-------|----------------------------------------------|--------------------------------------------------|--------------------------------------------|--------------------------------------------------|
| | | 2021 (Unaudited) SR | 2020 (Restated, note 18) (Unaudited) SR | 2021 (Unaudited) SR | 2020 (Restated, note 18) (Unaudited) SR |
| Revenues | 13 | 467,820,963 | 479,887,128 | 978,902,791 | 1,008,527,460 |
| Cost of revenues | | (402,983,539) | (430,207,821) | (837,748,306) | (884,810,351) |
| Gross profit | | 64,837,424 | 49,679,307 | 141,154,485 | 123,717,109 |
| Selling and distribution expenses | | (22,010,236) | (22,387,794) | (43,546,457) | (43,398,656) |
| General and administrative expenses | | (26,350,918) | (28,674,403) | (47,183,777) | (55,309,638) |
| Operating income (loss) | | 16,476,270 | (1,382,890) | 50,424,251 | 25,008,815 |
| Share of results of associates, net | 6 | 885,085 | 1,424,326 | 6,215,811 | 2,076,236 |
| Investments income | 14 | 24,608,695 | 20,691,122 | 73,298,625 | 10,765,433 |
| Finance charges | | (2,323,756) | (1,205,052) | (4,054,859) | (1,547,341) |
| Other income, net | | 6,104,105 | 6,188,787 | 7,271,198 | 6,333,298 |
| Income before zakat | | 45,750,399 | 25,716,293 | 133,155,026 | 42,636,441 |
| Zakat for the period | 12 | (9,245,407) | (2,616,870) | (11,459,288) | (4,859,875) |
| Net income for the period | | 36,504,992 | 23,099,423 | 121,695,738 | 37,776,566 |
| Other comprehensive income (loss) | | | | | |
| <i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Re-measurement of employees' defined benefits liabilities | | (8,805,636) | 6,318,810 | (4,501,966) | 5,541,398 |
| Change in fair value of investments in equity instruments through other comprehensive income | | 17,354,478 | (32,948,528) | 31,755,802 | (100,839,028) |
| Other comprehensive income (loss) for the period | | 8,548,842 | (26,629,718) | 27,253,836 | (95,297,630) |
| Total comprehensive income (loss) for the period | | 45,053,834 | (3,530,295) | 148,949,574 | (57,521,064) |
| Basic and diluted earnings per share | 15 | 0.49 | 0.31 | 1.62 | 0.50 |
| Weighted average number of outstanding shares | 15 | 75,000,000 | 75,000,000 | 75,000,000 | 75,000,000 |

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Chief Executive Officer and Board Member



The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

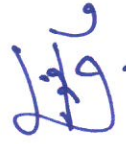
National Gas and Industrialization Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months period ended 30 June 2021

| | Share capital SR | Statutory reserve SR | Retained earnings/ (accumulated losses) SR | Unrealized gain on investments in equity instruments at fair value through other comprehensive income SR | Total SR |
|-------------------------------------------------------------|---------------------|-------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------|
| Balance at 1 January 2021 (Audited) | 750,000,000 | 225,000,000 | 44,448,445 | 545,958,651 | 1,565,407,096 |
| Net income for the period | - | - | 121,695,738 | - | 121,695,738 |
| Other comprehensive income | - | - | (4,501,966) | 31,755,802 | 27,253,836 |
| Total comprehensive income for the period | - | - | 117,193,772 | 31,755,802 | 148,949,574 |
| Declared dividends (Note 11) | - | - | (37,500,000) | - | (37,500,000) |
| Balance as at 30 June 2021 (Unaudited) | 750,000,000 | 225,000,000 | 124,142,217 | 577,714,453 | 1,676,856,670 |
| Balance at 1 January 2020 | 750,000,000 | 270,551,265 | (103,895,567) | 679,453,239 | 1,596,108,937 |
| Net income for the period (Restated, note 18) | - | - | 37,776,566 | - | 37,776,566 |
| Other comprehensive loss (Restated, note 18) | - | - | 5,541,398 | (100,839,028) | (95,297,630) |
| Total comprehensive loss for the period (Restated, note 18) | - | - | 43,317,964 | (100,839,028) | (57,521,064) |
| Transfer of excess statutory reserve to accumulated losses | - | (45,551,265) | 45,551,265 | - | - |
| Balance at 30 June 2020 (Unaudited, restated) | 750,000,000 | 225,000,000 | (15,026,338) | 578,614,211 | 1,538,587,873 |

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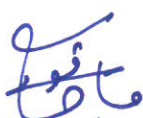
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2021

| | 30 June 2021 SR | 30 June 2020 (Restated, note 18) SR |
|---------------------------------------------------------------|----------------------------------|----------------------------------------------------------------|
| OPERATING ACTIVITIES | | |
| Income before zakat | 133,155,026 | 42,636,441 |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation of property, plant and equipment | 41,830,488 | 44,514,421 |
| Amortization of intangible assets | 4,534,878 | 3,273,521 |
| Depreciation of right-of-use assets | 1,029,156 | 1,029,167 |
| Interest of lease liabilities | 122,575 | 191,449 |
| Share in results of associates | (6,215,811) | (2,076,236) |
| Gain on disposal of property, plant and equipment | (260,766) | (475,385) |
| Provision for expected credit losses | 1,692,131 | 1,704,059 |
| Provision for employees defined benefits liabilities | 7,417,236 | 9,881,318 |
| Amortization of prepaid upfront fees on term loan | 2,382,289 | 495,924 |
| Follow up fees of term loan | 1,549,995 | 858,966 |
| Reversal of provision for slow moving inventory | (1,114,096) | - |
| Change in fair value of investments at FVTPL | (18,789,361) | 4,435,138 |
| Dividends received from investments at FVTOCI | (44,761,771) | (6,651,675) |
| Working capital adjustments: | | |
| Inventories | 1,610,626 | 28,782,177 |
| Accounts receivable | 5,960,932 | (10,235,037) |
| Prepayments and other current assets | (6,693,224) | (23,406,744) |
| Trade payables | 54,183,047 | 47,872,594 |
| Accrued expenses and other current liabilities | (22,769,403) | 19,375,871 |
| | <u>154,863,947</u> | <u>162,205,969</u> |
| Zakat paid | (12,316,763) | - |
| Employees defined benefits liabilities paid | (9,139,588) | (10,359,220) |
| Net cash from operating activities | <u>133,407,596</u> | <u>151,846,749</u> |



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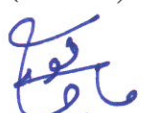
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2021 (continued)

| | <i>30 June 2021</i> <i>SR</i> | <i>30 June 2020</i> <i>(Restated, note 18)</i> <i>SR</i> |
|----------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------|
| INVESTING ACTIVITIES | | |
| Additions of property, plant and equipment | (64,620,104) | (37,373,426) |
| Additions of intangible assets | (875,000) | (1,439,416) |
| Purchase of investments at FVTPL | (200,000,000) | (100,000,000) |
| Proceeds from disposal of property, plant and equipment | 969,235 | 683,023 |
| Dividends received from associates | 3,325,000 | 3,500,000 |
| Dividends received from investments at FVTOCI | 44,761,771 | 6,651,675 |
| Net cash used in investing activities | (216,439,098) | (127,978,144) |
| FINANCING ACTIVITIES | | |
| Lease liabilities paid | (521,170) | (478,500) |
| Proceeds from term loan | - | 85,300,000 |
| Repayments of term loan | (15,000,000) | - |
| Follow up fees on term loan paid | (1,549,995) | (858,966) |
| Net cash (used in) from financing activities | (17,071,165) | 83,962,534 |
| Net (decrease) increase in cash and cash equivalents | (100,102,667) | 107,831,139 |
| Cash and cash equivalents at the beginning of the period | 277,111,159 | 157,609,810 |
| Cash and cash equivalents at the end of the period | 177,008,492 | 265,440,949 |
| NON-CASH TRANSACTIONS: | | |
| Change in fair value of investments in financial assets at fair value through other comprehensive income | 31,755,802 | (100,839,028) |
| Actuarial (losses) gains from remeasurement of employees defined benefit liabilities | (4,501,966) | 5,541,398 |
| Employees defined benefits liabilities transferred to accrued expenses | 7,574,007 | - |
| Dividends (note 11.a) | 37,500,000 | - |


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Chief Financial Officer

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



The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

1. CORPORATE INFORMATION

A) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (the “Company”) is a Saudi Joint Stock Company. The Company is 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 30 June 2021, the Public Investment Fund owns 10.91% (30 June 2020: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% (30 June 2020: 6.66%) 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 to merge the Saudi Gas and Manufacturing Company and National Gas Company with the approval of the General Assembly of both companies, and under the letter of H.H. the Minister of Commerce No. 2843/H dated 01/01/1381H, and the actual merge commenced in 1383H. Later to this date on 13/06/1384H, the Council of Ministers Decree No. 820 was issued by merging all the entities involved in gas activities in the Kingdom of Saudi Arabia into the National Gas and Industrialization Company. The Council of Ministers resolution No. 1615 dated 14/11/1395H determined the Company's share capital and the commencement of its activities on 01/01/1396H under the industrial license issued by the Ministry of Industry and Electricity No. 659/S dated 09/07/1417H (corresponding to 20 November 1996).

B) GROUP ACTIVITIES

The activities of the Company and its subsidiary (the “Group”) include carrying out all work related to the exploitation, manufacture and marketing of gas of all kinds 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 manufacture, transport 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.

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

The Company has the following branches:

| <i>Sr.</i> | <i>Branch</i> | <i>Commercial registration number</i> | <i>Issuing date</i> |
|------------|--------------------------|---------------------------------------|---------------------|
| 1 | Riyadh | 1010429687 | 23/03/1436 H |
| 2 | Dammam | 2050001551 | 07/08/1383 H |
| 3 | Buraidah | 1131004089 | 06/04/1402 H |
| 4 | Al-Madinah al-Munawwarah | 365006707 | 18/03/1402 H |
| 5 | Jeddah | 4030032503 | 19/02/1402 H |
| 6 | Yanbu | 4700003177 | 07/08/1409 H |
| 7 | Khamis Mushait | 5855004366 | 25/12/1402 H |
| 8 | Taif | 4032007367 | 20/09/1402 H |

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

During the first quarter of 2021, the Company established a new subsidiary Company which is 100% owned under the name of Gas Solutions Company (Owned by One Person) (a limited liability company), following are the details of the subsidiary:

| <i>Subsidiary</i> | <i>Commercial registration number</i> | <i>Country of incorporation</i> | <i>Effective shareholding percentage</i> |
|-----------------------|---------------------------------------|---------------------------------|------------------------------------------|
| Gas Solutions Company | 1010693275 | Kingdom of Saudi Arabia | 100% |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed consolidated financial statements for the three and six months period ended 30 June 2021 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants.

The interim condensed consolidated financial statements are presented in Saudi Riyals, which represents the Group's functional currency.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and they must be read in conjunction with the Company's audited financial statements for the year ended 31 December 2020. In addition, the results for the three and six months period ended 30 June 2021, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2021.

Judgments, Estimates and Assumptions

Preparing the interim condensed consolidated financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual financial statements for the year ended 31 December 2020.

2.2 Basis of consolidation

These condensed consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiary (the "Group") stated in note 1 above.

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 (or derecognised) in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial statements of the subsidiary is prepared for the same reporting period as the Company. Where necessary, accounting policies of the subsidiary has been changed to ensure consistency with the policies adopted by the Group.

All inter-group accounts and transactions have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are the same policies applied during the preparation of the annual financial statements of the Company for the year ended 31 December 2020.

There are no new standards or interpretation with application date effective on 1 January 2021. There are amendments to the standards that come into effect at 1 January 2021, but they do not have any material impact on the Group's interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
30 June 2021

4. SUBSIDIARY

During the first quarter of 2021, the Company established a 100% owned subsidiary company under the name of Gas Solutions Company. The subsidiary company is specialized in establishing, building and maintenance of liquefied petroleum gas (LPG) networks and tanks, developing LPG products and solution, the subsidiary started its operation during the second quarter of 2021. Following are the key financial items in the subsidiary financial statements:

| | |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| | 30 June 2021 (Unaudited) SR |
| <i>Statement of financial position</i> | |
| Current Assets | 4,927,332 |
| Current liabilities | (516,091) |
| | <i>For the six months period</i> <i>ended 30 June 2021</i> <i>(Unaudited)</i> <i>SR</i> |
| <i>Statement of comprehensive income</i> | |
| Total loss for the period | (588,759) |

5. PROPERTY, PLANT AND EQUIPMENT

- a) Land includes two plots of land with value of SR 2.7 million (31 December 2020: SR 2.7 million) that have been mortgaged to the Saudi Industrial Development Fund (SIDF) (note 9).
- b) Included in property, plant and equipment capital work in progress amounted to SR 230.9 million (31 December 2020: SR 191.7 million) which mainly represents projects to develop the Group's stations and its capacity and also to develop production lines in accordance with the Group's needs and the public safety requirements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
30 June 2021

6. INVESTMENTS IN ASSOCIATES

Investments in associates comprise the following:

| | | 30 June 2021 | 31 December 2020 |
|------------------------------------|-------------------|---------------------|-------------------------|
| | <i>Ownership</i> | <i>(Unaudited)</i> | <i>(Audited)</i> |
| | <i>percentage</i> | <i>SR</i> | <i>SR</i> |
| Saudi Gas Cylinder Factory Company | 37.57% | 34,235,932 | 30,587,628 |
| Natural Gas Distribution Company | 35% | 19,330,240 | 19,700,076 |
| East Gas Company | 35% | 29,594,673 | 29,982,330 |
| | | 83,160,845 | 80,270,034 |

The movement of investments in associates is as follows:

| | 30 June 2021 | 31 December 2020 |
|-----------------------------------------------|---------------------|-------------------------|
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| | <i>SR</i> | <i>SR</i> |
| At the beginning of the period/year | 80,270,034 | 79,289,237 |
| Share in results of investments in associates | 6,215,811 | 6,516,288 |
| Dividends received | (3,325,000) | (5,535,491) |
| At the end of the period/year | 83,160,845 | 80,270,034 |

The share in the results of associates comprises the following:

| | 30 June 2021 | 31 December 2020 |
|-------------------------------------|---------------------|-------------------------|
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| | <i>SR</i> | <i>SR</i> |
| Saudi Gas Cylinders Factory Company | 3,648,304 | 170,786 |
| Natural Gas Distribution Company | 505,164 | 1,600,046 |
| East Gas Company | 2,062,343 | 4,745,456 |
| | 6,215,811 | 6,516,288 |

7. ACCOUNTS RECEIVABLE, NET

| | 30 June 2021 | 31 December 2020 |
|--------------------------------------|---------------------|-------------------------|
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| | <i>SR</i> | <i>SR</i> |
| Trade receivables | 51,630,271 | 51,618,322 |
| Other receivables | 4,011,992 | 9,984,873 |
| | 55,642,263 | 61,603,195 |
| Provision for expected credit losses | (17,813,865) | (16,121,734) |
| | 37,828,398 | 45,481,461 |

8. CASH AND CASH EQUIVALENTS

| | 30 June 2021 | 31 December 2020 |
|-----------------------------------|---------------------|-------------------------|
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| | <i>SR</i> | <i>SR</i> |
| Balances at banks | 177,008,492 | 177,111,159 |
| Short-term Murabaha time deposits | - | 100,000,000 |
| | 177,008,492 | 277,111,159 |

- Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn commission at the respective short-term deposit rates.
- At 30 June 2021, the Company had available SR 90.1 million (31 December 2020: SR 93.3 million) of undrawn committed borrowing facilities.

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9. TERM LOAN

| | 30 June 2021 (Unaudited) SR | 31 December 2020 (Audited) SR |
|------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| Principal amount due | 173,000,000 | 188,000,000 |
| Less: un-amortized portion of transaction cost | (9,976,029) | (12,358,318) |
| | 163,023,971 | 175,641,682 |
| Less: current portion | (34,000,000) | (32,000,000) |
| The non-current portion | 129,023,971 | 143,641,682 |

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Company 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 Company. The terms of the loan span over a tenure of 5 years. The loan is non-interest-bearing but carry only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and also transaction costs relating to follow-up charges which is 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, a specific ratio of liabilities to net tangible value and amount spent yearly on capital expenditures. The agreement also contains undertakings pledges of seven plots of land with a cost of SR 17.6 million; of which the Company has pledged 2 plots as at the reporting period (note 5).

During 2020, the Company received the full of financing in the amount of SR 186.8 million, after deduction of upfront fees of SR 16.2 million, according to the contract 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). Also, during 2020, the Company completed the pledge of two lands to the SIDF (note 5), and the process of pledging the remaining five plots of lands is under process.

10. EMPLOYEES DEFINED BENEFITS LIABILITIES

| | 30 June 2021 (Unaudited) SR | 31 December 2020 (Audited) SR |
|------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| At the beginning of the period/year | 156,481,393 | 203,601,753 |
| Current service cost | 5,858,345 | 11,774,419 |
| Finance charge | 1,558,891 | 5,762,346 |
| Paid during the period/year | (9,139,588) | (39,511,203) |
| Re-measurements (gain) / loss on employees defined benefit liabilities | 4,501,966 | 13,779,392 |
| Transfer to accrued employees' benefits | (7,574,007) | (38,925,314) |
| At the end of the period/year | 151,687,000 | 156,481,393 |

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

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

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|-------------------------|-------------------------------------------|---------------------------------------------|
| Discount rate | 2.75% | 2.1% |
| Future salary increases | 3.75% | 4.5% |
| Retirement age | 60 | 60 |

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10. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial gain or loss which is recognized in other comprehensive income.

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.:

| | 30 June 2021 (Unaudited) SR | 31 December 2020 (Audited) SR |
|--------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| Discount rate | | |
| Increase 1% | 136,264,000 | 146,054,000 |
| Decrease 1 % | 170,738,000 | 169,732,000 |
| The future increase in the salaries | | |
| Increase 1% | 170,348,000 | 169,256,000 |
| Decrease 1% | 136,264,000 | 146,256,000 |

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

| | 30 June 2021 (Unaudited) SR | 31 December 2020 (Audited) SR |
|--------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| Dividends payable (note (a) below) | 76,020,721 | 39,161,121 |
| Accrued employees' benefits (note (b) below) | 36,539,969 | 53,049,848 |
| Advance from customers | 34,859,694 | 35,726,711 |
| Accrued expenses | 30,472,048 | 25,107,716 |
| Unapplied collection account (note (c) below) | 27,389,468 | 27,389,468 |
| Cash deposits from customers | 3,125,020 | 3,164,700 |
| Board of Directors and committees' remunerations | 1,637,577 | 3,275,000 |
| Others | 2,338,067 | 3,203,396 |
| | 212,382,564 | 190,077,960 |

- a) In its ordinary meeting held on 12 Dhu Qi'dah 1442H (corresponding to 22 June 2021), the General Assembly has approved to distribute cash dividends to shareholders for the year ended 31 December 2020 of SR 0.50 per share, amounting to SR 37.5 million. The dividends have been distributed to the shareholders in July 2021.
- b) The above balance included balance related to Early Retirement Plan of SR 430 thousand as at 30 June 2021 (31 December 2020: SR 12.1 million), established by the Company's Board of Directors during 2020. The plan costs are provided for in accordance with the Company's employee benefit policies which is based mainly on the current salary, actual years of service and the years of service until the normal retirement age. As the termination benefits are expected to be fully settled before twelve months after the end of the reporting period in which the termination benefit is recognized, the Company has applied the requirements for short-term employee benefits. The provision is accounted for once the approval is made by the employee for the plan.
- c) The above account represents cash received from various customers, mainly collections from customers for sale of gas tanks, other products and other transactions. This account consists of amounts that have been outstanding for several years, which have not been claimed by respective customers. The Company has adopted a new policy that any outstanding amounts for 3 years and above will be reversed to income, if not been claimed. Also, the embezzlement that took place in prior years, was mainly routed through this account besides other accounts, but there is an amount of SR 1.7 million is not related to this account.

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12. ZAKAT PAYABLE

Status of assessments

The Company obtained final assessment for zakat until the end of the year 2004.

2005 to 2007 status

The Zakat, Tax and Customs Authority ("ZATCA") issued the final zakat assessment for the years from 2005 to 2007, which resulted in an additional amount of SR 39 million. The Company has objected on the assessment with the relevant appeal committee. The objection is not finalized yet as of reporting date, and the Company submitted a bank guarantee to the ZATCA of SR 39 million in this regard (note 16).

2008 to 2010 status

During 2019, the Company reached a settlement and paid ZATCA, for the assessments of the years 2008 to 2010 amount of SR 27 million.

2011 to 2013 status

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

2014 to 2018 status

During 2020, the Company received zakat assessments for the years from 2014 to 2018, which resulted in an additional amount of SR 40 million. The Company objected the assessments with the relevant appeal committee. At the date of the consolidated financial statements no resolution has been reached in relation to the objection.

2019 and 2020 status

The Company has submitted its zakat returns for the years 2019 and 2020, and the assessments have not yet been raised by ZATCA.

The final outcome of these assessments cannot be determined currently. Accordingly, the Company assessed its zakat status for the years in which it received zakat assessments, and for the years that were not examined by ZATCA, and provided for appropriate provisions based on the assessments of the management and the zakat advisor of the Company.

13. REVENUES

| | <i>30 June 2021</i> <i>(Unaudited)</i> <i>SR</i> | <i>30 June 2020</i> <i>(Unaudited)</i> <i>SR</i> |
|-----------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Gas sales | 910,381,750 | 912,061,773 |
| Gas cylinders and tanks, and extension parts' sales | 61,639,169 | 88,219,938 |
| Service, transportation and installation revenue | 8,046,682 | 8,019,856 |
| Other commercial projects | 1,120,000 | 1,065,411 |
| Sales return | (2,284,810) | (839,518) |
| | 978,902,791 | 1,008,527,460 |

14. INVESTMENTS INCOME

| | <i>30 June 2021</i> <i>(Unaudited)</i> <i>SR</i> | <i>30 June 2020</i> <i>(Unaudited,</i> <i>restated, note 18)</i> <i>SR</i> |
|---------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------|
| Dividends income from investment at FVOCI | 44,761,771 | 6,651,675 |
| Change in fair value of investments at FVTPL | 18,789,361 | (4,435,138) |
| Rent income from investment properties | 7,047,037 | 7,014,404 |
| Income from Sukuk and short-term Murabaha time deposits | 2,700,456 | 1,534,492 |
| | 73,298,625 | 10,765,433 |

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15. EARNINGS PER SHARE

Earnings per share was 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 30 June:

| | 30 June 2021 (Unaudited) SR | 30 June 2020 (Unaudited, restated, note 18) SR |
|-----------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------|
| Net income for the period | 121,695,738 | 37,776,566 |
| Weighted average number of outstanding shares | 75,000,000 | 75,000,000 |
| Basic and diluted earnings per share | 1.62 | 0.50 |

16. COMMITMENTS AND CONTINGENCIES

Legal claim contingencies

On 7 August 2018, the Ministry of Transportation filed lawsuit against the Company regarding an explosion of the Company's tanker in Riyadh during 2012. On 22 March 2021, the Seventh Legal Department in the Court of Appeal issued the final ruling which includes the confirmation of the ruling issued by the Second Traffic Department at the General Court in Riyadh to dismiss the case against the Company.

Other contingencies

As mentioned in (note 12), ZATCA has raised additional amounts of SR 40 million related to zakat assessments for the years from 2014 to 2018.

Guarantees and letters of credit

- The Company has provided a bank guarantee to ZATCA amounting to SR 39 million (31 December 2020: SR 39 million) in relation to the additional zakat amounts raised for the years from 2005 to 2007 (note 12).
- The Company has provided a bank guarantee to Saudi Arabian Oil Company "Saudi Aramco" amounting to SR 280 million (31 December 2020: SR 280 million) relating to the supply of petroleum products.
- The Company has outstanding letters of credit as at 30 June 2021 amounting to SR 40.9 million (31 December 2020: SR 15.6 million).

Guarantees related to an investee

The Company also has an outstanding guarantee a loan granted by the Saudi Industrial Development Fund of the Arabian United Float Glass Company (an associate) amounting to SR 49 million as at 30 June 2021 (31 December 2020: SR 49 million).

Commitments

The Company has commitments of SR 140.2 million (31 December 2020: SR 156.2 million) related to capital work in progress under property, plant and equipment and intangible assets.

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17. OPERATING SEGMENTS

For management purposes, the Group is organized into business units based on its geographical regions, as follows:

| 30 June 2021 (Unaudited) | Central region SR | Western region SR | Eastern region SR | Southern region SR | Total SR |
|--------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|---------------------|
| Revenues | 351,007,292 | 353,572,336 | 154,138,990 | 120,184,172 | 978,902,791 |
| Cost of revenues | (280,869,234) | (293,953,434) | (122,561,752) | (101,552,560) | (798,936,980) |
| Depreciation and amortization of assets | (11,285,977) | (18,468,619) | (4,483,022) | (3,544,552) | (37,782,170) |
| Depreciation of right-of-use assets | (444,061) | (329,471) | (143,632) | (111,991) | (1,029,156) |
| Segment gross profit | 58,408,020 | 40,820,812 | 26,950,584 | 14,975,069 | 141,154,485 |
| 30 June 2020 (Unaudited, restated, note 18) | Central region SR | Western region SR | Eastern region SR | Southern region SR | Total SR |
| Revenues | 364,532,623 | 355,637,706 | 164,300,151 | 124,056,980 | 1,008,527,460 |
| Cost of revenues | (297,153,813) | (303,224,650) | (134,789,413) | (108,699,335) | (843,867,211) |
| Depreciation and amortization of assets | (11,964,040) | (19,171,149) | (4,952,333) | (3,826,451) | (39,913,973) |
| Depreciation of right-of-use assets | (520,517) | (280,895) | (129,770) | (97,985) | (1,029,167) |
| Segment gross profit | 54,894,253 | 32,961,012 | 24,428,635 | 11,433,209 | 123,717,109 |

The top management of the Group 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 profit or loss and is measured consistently with profit or loss in the interim condensed consolidation financial statements. Also, the Group's other costs (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.

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18. RESTATEMENT AND RECLASSIFICATIONS

During the year ended 31 December 2020, the management has identified certain errors, and as required by IAS 8: "Accounting policies, changes in accounting estimate and errors", the correction of errors mentioned below has resulted in retrospective adjustments to the comparative figures as of 30 June 2020. In addition, there were certain reclassifications. Below is summary of restatements and reclassifications:

18.1 Interim condensed statement of comprehensive income for the three months period ended 30 June 2020

Based on the adjustments and the impact of reclassifications, the interim condensed statement of comprehensive income for the three months period ended 30 June 2020 has been adjusted as follows:

| | <i>Note</i> | <i>Amounts as previously reported SR</i> | <i>Reclassification SR</i> | <i>Adjustment SR</i> | <i>Restated amounts SR</i> |
|----------------------------------------------------------------------------------------------|-------------|------------------------------------------------------|--------------------------------|--------------------------|------------------------------------|
| Cost of revenues | b,c,d,f | (423,468,032) | (6,210,150) | (529,639) | (430,207,821) |
| Selling and distribution expenses | f | (20,493,801) | (1,893,993) | - | (22,387,794) |
| General and administrative expenses | f | (34,773,972) | 6,099,569 | - | (28,674,403) |
| Loss on disposal and replacement of gas cylinders and other adjustments | f | (1,125,550) | 1,125,550 | - | - |
| Investment income | a | 10,607,045 | - | 10,084,077 | 20,691,122 |
| Finance charges | c,e,f | (1,901,749) | 408,577 | 288,117 | (1,205,052) |
| Other income, net | f | 5,718,340 | 470,447 | - | 6,188,787 |
| Net income for the period | | 13,256,868 | - | 9,842,555 | 23,099,423 |
| Other Comprehensive loss: | | | | | |
| Change in fair value of investments in equity instruments through other comprehensive income | a | (22,864,442) | - | (10,084,086) | (32,948,528) |
| Total comprehensive loss for the period | | (3,288,764) | - | (241,531) | (3,530,295) |

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18. RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

18.2 Interim condensed statement of comprehensive income for the six months period ended 30 June 2020

Based on the adjustments and the impact of reclassifications, the interim condensed consolidated statement of comprehensive income for the six months period ended 30 June 2020 has been adjusted as follows:

| | <i>Note</i> | <i>Amounts as previously reported SR</i> | <i>Reclassification SR</i> | <i>Adjustment SR</i> | <i>Restated amounts SR</i> |
|----------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------|--------------------------------|--------------------------|------------------------------------|
| Cost of revenues | b,c,d,f | (874,029,124) | (9,720,692) | (1,060,535) | (884,810,351) |
| Selling and distribution expenses | f | (40,987,342) | (2,411,314) | - | (43,398,656) |
| General and administrative expenses | f | (62,485,787) | 7,176,149 | - | (55,309,638) |
| Loss on disposal and replacement of gas cylinders and other adjustments | f | (3,897,692) | 3,897,692 | - | |
| Investment income | a | 15,200,570 | - | (4,435,137) | 10,765,433 |
| Finance charges | c,e,f | (2,767,433) | 645,516 | 574,576 | (1,547,341) |
| Other income, net | f | 5,920,649 | 412,649 | | 6,333,298 |
| Net income for the period | | 42,697,662 | - | (4,921,096) | 37,776,566 |
| Other Comprehensive loss: | | | | | |
| Change in fair value of investments in equity instruments through other comprehensive income | a | (105,274,166) | - | 4,435,138 | (100,839,028) |
| Total comprehensive loss for the period | | (57,035,106) | - | (485,958) | (57,521,064) |

18.3 Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS)

Based on the adjustments above, the basic and diluted earnings per share as been adjusted as follows:

A- For the three months period ended 30 June 2020 has been adjusted as follows:

| | <i>As previously reported SR</i> | <i>Adjustment SR</i> | <i>Restated SR</i> |
|--------------------------------------|------------------------------------------|--------------------------|------------------------|
| Earnings per share | 0.18 | 0.13 | 0.31 |
| Basic and diluted earnings per share | 0.18 | 0.13 | 0.31 |
| Earnings per share from operations | 0.02 | (0.03) | (0.01) |

B- For the six months period ended 30 June 2020 has been adjusted as follows:

| | <i>As previously reported SR</i> | <i>Adjustment SR</i> | <i>Restated SR</i> |
|--------------------------------------|--------------------------------------|--------------------------|------------------------|
| Earnings per share | 0.57 | (0.07) | 0.50 |
| Basic and diluted earnings per share | 0.57 | (0.07) | 0.50 |
| Earnings per share from operations | 0.41 | (0.06) | 0.35 |

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18. RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

18.4 Details of restatement and reclassifications

- (a) The Group noted that certain trading securities and debt instruments were classified as investments held at FVTOCI. The management re-assessed the classifications of all investments held at FVTOCI, in accordance with requirements of IFRS 9. As a result, the management reclassified these investments from investments at FVOCI to investments held at FVTPL.

As result of this re-classification, the related losses from valuation of the fair value of these investments amounted to SR 4.4 million for the six months period ended 30 June 2020 (gain of SR 10 million for the three months period ended 30 June 2020) have been adjusted from unrealized losses from investments held at FVTOCI to profit and loss.

- (b) The Group noted that right of use assets and liabilities were not recorded for renewal of a contract which took place in 2019. Therefore, the Group has adjusted the right of use assets and lease liabilities in 2019, amounted to SR 4.8 million and recorded the related depreciation and finance charges. As result of this adjustment, the net income for the six months period ended 30 June 2020 was decreased by SR 940 thousand (amount of SR 470.5 thousand for the three months period ended 30 June 2020).
- (c) The Group noted that the decommissioning expenses related to rented land is not accounted for in line with IAS 16 and IAS 37. The management assessed the decommission cost and recorded amount SR 400,000 as addition to the cost of the assets and decommissioning liabilities. As a result, the net income for the six months period ended 30 June 2020 was decreased by SR 57 thousand (amount of SR 28.5 thousand for the three months period ended 30 June 2020).
- (d) The Group noted that the depreciation of the assets related to a leased space for a branch was calculated based on the useful life of the assets rather than the shorter of the useful life of the asset and the rent contract end date. As the contract is not renewable, the management adjusted the depreciation calculation for the related assets which resulted in increase of the depreciation expenses for the period ended 30 June 2020 by SR 208.6 thousand. The net income for the six months period ended 30 June 2020 decreased by SR 208.6 thousand. (amount of SR 104.3 thousand for the three months period ended 30 June 2020).
- (e) The Group noted the finance charges calculated on the loan from Saudi Industrial Development Fund was overstated by SR 719.7 thousand, as result of this adjustment, the net income for the period ended 30 June 2020 was increased by SR 719.7 thousand. (amount of SR 361.8 thousand for the three months period ended 30 June 2020).
- (f) The Group has made the following reclassifications:
- The Group reclassified the provision and proceeds related to disposal of gas cylinders between cost of revenue (SR 4.6 million) and other income (SR 633 thousand).
 - The Group classified bank charges amounted to SR 407 thousand from finance charges to general and administrative expenses.
 - The Group reclassified the cost of the amortization of intangible assets and computer licenses between cost of revenues, selling and distribution and general and administrative expenses, as result of this reclassification the cost of revenues and selling and distribution expenses were increased by SR 4.8 million and SR 1.8 million , respectively, and the general and administrative expenses was decreased by SR 6.6 million.

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19. IMPACT OF COVID-19

A novel strain of coronavirus (COVID-19) (“the virus”) was first identified at the end of December 2019, subsequently in March 2020 it was declared as a pandemic by the World Health Organization (WHO). The virus continued to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia, which resulted in a slowdown of economic and social activities and shutdowns of many sectors at global and local levels.

During the fourth quarter of 2020, several vaccines which passed the testing phase effectively and began to be manufactured and distributed globally to many countries, including the Kingdom of Saudi Arabia. As of the date of preparing these interim condensed consolidated financial statements, the Group’s operations and financial results have not been impacted from the virus outbreak.

The impact of the pandemic on the Group’s operations and financial results was assessed using some judgments, estimates and assumptions that contain sources of uncertainty as it depends on several future factors and developments that cannot be reliably forecasted.

20. EVENTS SUBSEQUENT TO THE REPORTING DATE

In the opinion of management there have been no further significant subsequent events that may require adjustments on the interim condensed consolidated financial statements.

21. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorization of the Board of Directors on 10 Muharram 1443H (corresponding to 18 August 2021).