

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Interim Condensed Consolidated

Financial Statements

(Unaudited)

and review report for the three-month
and year ended 31 December 2024

INDEX**PAGE**

Independent auditor's report on review of interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of other comprehensive income	4
Interim condensed consolidated statement of cash flows	5
Interim condensed consolidated statement of changes in equity	6
Notes to the interim condensed consolidated financial statements	7-21

**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The National Shipping Company of Saudi Arabia (“the Company”) and its subsidiaries (collectively referred to as “the Group”) as at 31 December 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month period and year ended 31 December 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the year then ended, and 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”) as 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

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” as 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.

Conclusion

Based on our review, 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 as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 11 Ramadhan 1445H (corresponding to 21 March 2024). Further, the interim condensed consolidated financial statements of the Group for the three-month period and year ended 31 December 2023 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 20 Rajab 1445H (corresponding to 1 February 2024).

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)




Riyadh: 5 Sha’ban 1446
4 February 2025

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 31 December 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	31 December 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	16,616,175	14,009,488
Projects under construction	7	2,291,663	905,035
Right-of-use assets		948,623	661,384
Intangible assets		283,205	324,537
Equity accounted investees		2,175,143	1,833,985
Other non-current financial assets		49,346	74,958
TOTAL NON-CURRENT ASSETS		22,364,155	17,809,387
CURRENT ASSETS			
Inventories		468,063	498,376
Trade receivables and contract assets	8	1,273,381	1,298,001
Prepayments and other current assets		681,834	587,364
Cash and cash equivalents	9	1,821,500	2,913,117
TOTAL CURRENT ASSETS		4,244,778	5,296,858
TOTAL ASSETS		26,608,933	23,106,245
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	7,382,812	7,382,812
Share premium		1,489,103	1,489,103
Other reserves		37,793	14,493
Retained earnings		4,715,506	2,952,169
Equity attributable to equity holders of the Parent Company		13,625,214	11,838,577
Non-controlling interests		960,008	803,659
TOTAL EQUITY		14,585,222	12,642,236
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	10	8,288,484	7,060,164
Employees' end of service benefits		131,579	100,325
Lease liabilities		540,215	498,840
Derivative financial instruments		2,943	4,168
TOTAL NON-CURRENT LIABILITIES		8,963,221	7,663,497
CURRENT LIABILITIES			
Loans and borrowings	10	459,585	609,117
Lease liabilities		436,317	188,028
Trade and other payables	11	1,938,914	1,752,378
Provision for zakat and income tax	12	225,674	250,989
TOTAL CURRENT LIABILITIES		3,060,490	2,800,512
TOTAL LIABILITIES		12,023,711	10,464,009
TOTAL EQUITY AND LIABILITIES		26,608,933	23,106,245


Chief Financial Officer



Chief Executive Officer


Authorized Board Member

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of profit or loss
For the three-month and year ended 31 December 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended 31 December		For the year ended 31 December	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Audited)
Revenue	5	2,216,469	2,023,435	9,482,387	8,777,500
Operating costs		(1,714,640)	(1,589,824)	(7,119,252)	(6,861,726)
Gross profit before bunker subsidy		501,829	433,611	2,363,135	1,915,774
Bunker subsidy		68,555	82,822	337,222	157,352
Gross profit		570,384	516,433	2,700,357	2,073,126
General and administrative expenses		(122,107)	(92,875)	(321,167)	(241,175)
Reversal/ (provision) on trade receivables and contract assets	8	2,426	(5,360)	(20,390)	(2,564)
Other income		45,486	138,295	245,191	340,323
Total operating profit		496,189	556,493	2,603,991	2,169,710
Finance cost		(143,427)	(146,707)	(621,649)	(621,648)
Finance income	9	18,270	25,408	86,076	79,618
Share in results of equity accounted investees		179,040	60,599	432,563	266,168
Profit before zakat and income tax		550,072	495,793	2,500,981	1,893,848
Zakat and income tax	12	(41,400)	(42,224)	(115,180)	(100,836)
Profit for the period/ year		508,672	453,569	2,385,801	1,793,012
Profit for the period/ year attributable to:					
Equity holders of the Parent Company		474,255	401,225	2,169,392	1,613,428
Non-controlling interests		34,417	52,344	216,409	179,584
		508,672	453,569	2,385,801	1,793,012
Earnings per share (Saudi Riyal):					
Basic & diluted	13	0.64	0.54	2.94	2.19


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

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THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of other comprehensive income

For the three-month and the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 December		For the year ended 31 December	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Audited)
Profit for the period/ year	508,672	453,569	2,385,801	1,793,012
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods:				
Change in the fair value of investment through OCI	11,644	-	11,644	-
Items that are or may be reclassified subsequently to profit or loss:				
Re-measurement loss on employees' end of service benefits	1,357	(8,081)	517	(7,698)
Equity accounted investees share of OCI	20,090	(7,760)	11,079	(12,333)
Total comprehensive income for the period/ year	541,763	437,728	2,409,041	1,772,981
Total comprehensive income attributable to:				
Equity holders of the Parent Company	507,406	385,505	2,192,692	1,593,518
Non-controlling interests	34,357	52,223	216,349	179,463
Total comprehensive income for the period/ year	541,763	437,728	2,409,041	1,772,981


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

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THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of cash flows

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December	
		2024 (Unaudited)	2023 (Audited)
OPERATING ACTIVITIES			
Profit for the year before zakat and income tax		2,500,981	1,893,848
Adjustments for non-cash items:			
Depreciation of property and equipment	6	1,167,756	1,151,064
Depreciation of right-of-use assets		452,163	198,783
Amortization of intangible assets		50,527	55,805
Provision on trade receivables and contract assets	8	20,390	2,564
Finance cost		621,649	621,648
Finance income	9	(86,076)	(79,618)
Share of results of equity accounted investees		(432,563)	(266,168)
Gain on disposal of property and equipment		(215,924)	(214,084)
Employees' end of service benefits		37,710	16,056
		<u>4,116,613</u>	<u>3,379,898</u>
Changes in operating assets and liabilities:			
Inventories		30,313	12,822
Trade receivables and contract assets		4,230	768,460
Prepayments and other current assets		(81,156)	(111,730)
Trade and other payables		122,345	207,125
Cash from operating activities		<u>4,192,345</u>	<u>4,256,575</u>
Finance cost paid		(577,450)	(587,978)
Zakat and income tax paid	12	(140,495)	(105,293)
Employees' end of service benefits paid		(5,939)	(2,744)
Net cash flows generated from operating activities		<u>3,468,461</u>	<u>3,560,560</u>
INVESTING ACTIVITIES			
Additions of property and equipment	6	(245,972)	(253,138)
Additions of projects under construction	7	(5,223,356)	(1,387,637)
Additions of intangible assets		(9,195)	(6,445)
Proceeds from disposal of property and equipment		524,181	685,205
Investment in equity accounted investee		-	(90,260)
Dividends from equity accounted investee		225,450	85,227
Proceeds from finance income		84,343	82,359
Other non-current financial assets		1,536	2,247
Net cash flows used in investing activities		<u>(4,643,013)</u>	<u>(882,442)</u>
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	10	2,526,873	886,800
Repayment of loans and borrowings	10	(1,459,666)	(2,755,014)
Dividends paid		(406,055)	(246,095)
Payment of lease liabilities		(518,217)	(180,050)
Dividends paid to non-controlling interests		(60,000)	-
Net cash flows used in financing activities		<u>82,935</u>	<u>(2,294,359)</u>
Net (decrease)/ increase in cash and cash equivalents		(1,091,617)	383,759
Cash and cash equivalents at beginning of the year		2,913,117	2,529,358
Cash and cash equivalents at end of the year		<u>1,821,500</u>	<u>2,913,117</u>
Details of other non-cash transactions:			
Projects under construction transferred to property and equipment	6&7	3,836,728	1,418,114
Additions to right-of-use assets		739,402	439,755


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Interim condensed consolidated statement of changes in equity

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Attributable to equity holders of the Parent Company					Total	Non-controlling interests	Total equity
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings			
Balance as at 1 January 2023 (audited)	4,921,875	351,750	1,489,103	34,403	3,694,023	10,491,154	624,196	11,115,350
Profit for the year	-	-	-	-	1,613,428	1,613,428	179,584	1,793,012
Other comprehensive loss	-	-	-	(19,910)	-	(19,910)	(121)	(20,031)
Total comprehensive income for the year	-	-	-	(19,910)	1,613,428	1,593,518	179,463	1,772,981
Transferred to share capital	2,460,937	(351,750)	-	-	(2,109,187)	-	-	-
Dividends (note 15)	-	-	-	-	(246,095)	(246,095)	-	(246,095)
Balance as at 31 December 2023 (audited)	7,382,812	-	1,489,103	14,493	2,952,169	11,838,577	803,659	12,642,236
Balance as at 1 January 2024 (audited)	7,382,812	-	1,489,103	14,493	2,952,169	11,838,577	803,659	12,642,236
Profit for the year	-	-	-	-	2,169,392	2,169,392	216,409	2,385,801
Other comprehensive income	-	-	-	23,300	-	23,300	(60)	23,240
Total comprehensive income for the year	-	-	-	23,300	2,169,392	2,192,692	216,349	2,409,041
Dividends (note 15)	-	-	-	-	(406,055)	(406,055)	-	(406,055)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(60,000)	(60,000)
Balance as at 31 December 2024 (unaudited)	7,382,812	-	1,489,103	37,793	4,715,506	13,625,214	960,008	14,585,222


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the year ended 31 December 2024

1. CORPORATE INFORMATION

The National Shipping Company of Saudi Arabia (the “Company” or “Bahri” or “Parent Company”), a Saudi Joint Stock Company, was established under the Royal Decree No. M/5 dated 12 Safar 1398H (corresponding to 21 January 1978) and registered under Commercial Registration No. 1010026026 dated 1 Dhul Hijjah 1399H (corresponding to 22 October 1979) issued in Riyadh. The Company’s head office is located in Olaya district, Olaya Towers (Tower B), Floors 12-15, P.O Box 5101, Riyadh, 1142, Kingdom of Saudi Arabia.

The Company and its subsidiaries listed below (the “Group”) are primarily engaged in purchasing, selling and operating vessels for the coordination of transport & storage on board vessels, transportation of cargo, cargo clearance, agencies for maritime shipping companies and all marine transport activities. The Group performs its operations through four distinct segments which are crude oil transportation, chemicals transportation, logistics and dry bulk transportation. The Group is also engaged in the ownership of land, properties inside or outside the Kingdom, ownership of shares in other existing companies or merging with them and participating with others in establishing companies with similar activities or complementary activities.

The Company’s share capital amounting to SAR 7,382,812,500 as at 31 December 2024 is divided into 738,281,250 shares (31 December 2023: SAR 7,382,812,500 divided into 738,218,250 shares) with a par value of SAR 10 each.

The subsidiaries whose financial information are incorporated into these interim condensed consolidated financial statements are as follows:

Subsidiary	Date of incorporation	Effective Ownership %		Principal Activity	Location
		31 December 2024	31 December 2023		
NSCSA Inc. – USA	1991	100	100	Company's ship agent	USA
National Chemical Carriers Company limited (“NCC”)	1990	80	80	Petrochemical transportation	KSA
Mideast Ship Management Limited (“JLT”)	2010	100	100	Ships technical management	UAE
Bahri Dry Bulk Company (“BDB”)	2010	60	60	Dry bulk transportation	KSA
Bahri Logistics Company	2017	100	100	Logistics services	KSA
Bahri Logistics Company DWC-LLC*	2024	100	-	Logistics services	UAE
Bahri Logistics Company (“SILZ”) LLC*	2024	100	-	Logistics services	KSA

*The Group holds an effective equity ownership interest of 100% in Bahri Logistics Company DWC-LLC and Bahri Logistics Company (“SILZ”) LLC through its shareholding in Bahri Logistics Company. The legal formalities for the establishment of Bahri Logistics Company (“SILZ”) LLC are currently in progress.

The equity accounted investee companies’ financial information incorporated in these interim condensed consolidated financial statements are as follows:

Equity accounted investees	Nature of relationship	Date of incorporation	Effective Ownership %		Principal Activity	Location
			31 December 2024	31 December 2023		
Petreddec’ group limited (note a)	Associate	2012	40.08	40.08	Liquefied petroleum gas transportation	BVI
International Maritime Industries Company (note b)	Associate	2017	19.9	19.9	Maritime industries	KSA
National Grain Company (note c)	Joint Venture	2021	50	50	Packing and storage of grain	KSA

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the year ended 31 December 2024

1. CORPORATE INFORMATION (continued)

- a) During October 2023, Petredec Group Limited entered into a buy back transaction with one of its shareholders and cancelled the same against its share capital. This resulted in an increase in Bahri's effective ownership percentage from 30.3% to 40.08%.

The Group share of Petredec results for the financial period are recorded as per the latest financial statements prepared by Petredec. The difference between the latest financial statements prepared by Petredec and the Group interim condensed consolidated financial statements is two months.

- b) International Maritime Industries Company ("IMI") was established in KSA with capital of SAR 1,107 million between the Company, ARAMCO, Maritime Offshore Limited (Lamprell), and Korea Shipbuilding & Offshore Engineering Company Ltd.
- c) During August 2020, the Company entered into a joint venture (JV) agreement with United Farmers Investment Company (UFIC) to establish the National Grain Company. The JV aims to construct and operate a grain terminal at Yanbu Commercial Port to address the Kingdom of Saudi Arabia's future demand for major crops and cereals. The legal formalities were completed, and the commercial registration was issued on 18 Shaaban 1442H (31 March 2021). During Q4 2024, the project was inaugurated, marking the commencement of commercial production.

The Company operates through the following branches:

Trade Name	Registration No.	Registration Date	City
The National Shipping Company of Saudi Arabia	1010026026	23/10/1979	Riyadh
The National Shipping Company of Saudi Arabia	4030033402	21/2/1982	Jeddah
The National Shipping Company of Saudi Arabia	2050013881	30/7/1983	Dammam
The National Shipping Company of Saudi Arabia	2055001309	25/7/1984	Jubail
The National Shipping Company of Saudi Arabia	JLT-65807	06/12/2010	Dubai
The National Shipping Company of Saudi Arabia	F06135	26/08/2016	New Delhi

Group Fleet:

As at 31 December 2024, the Group operated 93 owned vessels and 16 under lease contract (31 December 2023: 88 owned vessels and 10 under lease contract) operating in the following sectors:

Oil transportation sector: Consists of 41 vessels (31 December 2023: 39 vessels) all of which are very large crude carriers (VLCCs) operating in the spot market.

Chemicals transportation sector: This sector is fully operated by NCC. It owns 33 vessels and 16 under lease contract (31 December 2023: owned 32 vessels and 10 under lease contract). Specialized tankers distributed as follows:

- 40 tankers operate in the spot market.
- 9 tankers are under charter agreements.

Logistics sector: This sector consists of 7 RoCon vessels (31 December 2023: 6 RoCon vessels) operating on commercial lines between North America, Europe, Middle East, the Indian Subcontinent and Asia.

Dry bulk transportation sector: This sector is fully operated by BDB and it owns 12 vessels (31 December 2023: 11 vessels) specialized in transporting dry bulk cargo. 5 of them are chartered to the Arabian Agricultural Services Company ("ARASCO") and 7 vessels are operating in the spot market.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Interim condensed consolidated financial statements for the three months and year ended 31 December 2024 of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia ("KSA").

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

2. BASIS OF PREPARATION (continued)

2.2. Preparation of interim condensed consolidated financial statements

The interim condensed consolidated financial statements do not include all of the information and disclosures required in a full set of annual consolidated financial statements and should be read in conjunction with the last annual consolidated financial statements as at 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group financial position and performance since the last annual consolidated financial statements. The interim results may not be an indicator of the annual results of the Group.

(i) Historical cost convention

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for:

- Derivative financial instruments and quoted equity shares which are measured at fair value.
- Employees' end of service benefits are recognized at the present value of future obligations using the projected unit credit method.

(ii) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. BASIS OF CONSOLIDATION

The Company and its subsidiaries are referred to collectively as the "Group". Subsidiaries are entities controlled by the Group. 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 in the investee;
- The ability to use its power over the investee to affect its returns.

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 period are included in these interim condensed 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 Company 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 interim condensed consolidated financial statements to bring the accounting policies of the subsidiaries in line with the Group accounting policies. All intra-group assets and liabilities, income and expenses and cash flows relating to transactions are eliminated in full on consolidation.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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:

- De-recognizes the assets and liabilities of the subsidiary;
- De-recognizes the carrying amount of any non-controlling interest;
- De-recognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained; and
- Recognizes any surplus or deficit in the condensed consolidated statement of profit or loss;

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2023.

4.1. Material accounting judgments, estimates and assumptions

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which are significant to the interim condensed consolidated financial statements:

- Impairment assessment of vessels;
- Measurement of defined benefit obligations; key actuarial assumptions; and
- Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.

4.2. Amendments to Standards and interpretations

The adoption of the following amendments to the existing standards had no significant financial impact on the interim condensed consolidated financial statements of the Group.

Summary of the amended standards:

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.
- Amendments to IFRS 16: Lease Liability in Sale and Leaseback.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.

4.3 New standards, Amendment to Standards and Interpretations issued but not yet effective

The new standards, amended to standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Summary of the new standards:

- Lack of exchangeability – Amendments to IAS 21 (effective on or after 1 January 2025)
- IFRS 18 Presentation and Disclosure in Financial Statements – Amendments to IAS 1 (effective on or after 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective on or after 1 January 2027)

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

5. OPERATING SEGMENTS

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

a) The following schedule illustrates the Group's activities according to the operating segments for the year:

31 December 2024 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	4,603,578	3,252,244	1,083,833	489,345	9,429,000	53,387	9,482,387
Operating costs	(3,445,044)	(2,194,807)	(968,374)	(407,535)	(7,015,760)	(103,492)	(7,119,252)
Bunker subsidy	278,225	33,710	23,175	2,112	337,222	-	337,222
Gross profit	1,436,759	1,091,147	138,634	83,922	2,750,462	(50,105)	2,700,357
General and administrative expenses	(16,375)	(17,946)	(25,407)	(18,969)	(78,697)	(242,470)	(321,167)
Reversal/ (provision) on trade receivables and contract assets	14,446	(15,791)	(18,173)	(869)	(20,387)	(3)	(20,390)
Other income	81,415	141,499	3,626	571	227,111	18,080	245,191
Finance cost	(267,571)	(141,573)	(8,798)	(38,389)	(456,331)	(165,318)	(621,649)
Finance income	131	23,770	-	793	24,694	61,382	86,076
Share of results of equity accounted investees	-	-	-	-	-	432,563	432,563
Profit before Zakat and income tax	1,248,805	1,081,106	89,882	27,059	2,446,852	54,129	2,500,981

The Group's vessels are deployed throughout the world and are not concentrated in certain geographical areas. The Group's management does not consider the geographical distribution of the group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

All operating segment results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess the performance of segments for which discrete financial information is available.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

5. OPERATING SEGMENTS (continued)

31 December 2023 (Audited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	4,795,823	2,723,197	963,304	280,908	8,763,232	14,268	8,777,500
Operating costs	(3,761,224)	(1,938,974)	(898,861)	(184,916)	(6,783,975)	(77,751)	(6,861,726)
Bunker subsidy	133,861	10,437	13,054	-	157,352	-	157,352
Gross profit	1,168,460	794,660	77,497	95,992	2,136,609	(63,483)	2,073,126
General and administrative expenses	(12,324)	(16,587)	(21,100)	(15,574)	(65,585)	(175,590)	(241,175)
Reversal/ (provision) on trade receivables and contract assets	535	(4,829)	1,931	(201)	(2,564)	-	(2,564)
Other income	141,066	184,492	1,654	1,902	329,114	11,209	340,323
Finance cost	(365,735)	(154,906)	(14,078)	(27,689)	(562,408)	(59,240)	(621,648)
Finance income	-	15,249	-	4,842	20,091	59,527	79,618
Share of results of equity accounted Investees	-	-	-	-	-	266,168	266,168
Profit before Zakat and income tax	932,002	818,079	45,904	59,272	1,855,257	38,591	1,893,848

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

5. OPERATING SEGMENTS (continued)

b) The following schedule illustrates the distribution of the Group's assets and liabilities according to the operating segments:

31 December 2024 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	9,885,804	3,742,526	1,153,105	1,208,141	626,599	16,616,175
Other assets	3,089,735	2,187,020	753,198	418,851	3,543,954	9,992,758
Total assets	12,975,539	5,929,546	1,906,303	1,626,992	4,170,553	26,608,933
Total liabilities	5,505,475	2,410,344	484,456	986,572	2,636,864	12,023,711
31 December 2023 (Audited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	8,575,811	3,235,740	1,073,962	1,112,292	11,683	14,009,488
Other assets	1,696,716	1,624,300	587,561	191,760	4,996,420	9,096,757
Total assets	10,272,527	4,860,040	1,661,523	1,304,052	5,008,103	23,106,245
Total liabilities	5,540,888	2,093,172	507,658	678,339	1,643,952	10,464,009

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT

31 December 2024 (Unaudited)	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
Cost:									
At 1 January 2024	29,030	22,854,930	7,962	7,775	1,376	3,067	20,295	5,954	22,930,389
Additions*	9,347	4,064,962	5	2,181	9	-	6,176	20	4,082,700
Disposals	-	(1,287,879)	-	(114)	(5)	-	(2,538)	-	(1,290,536)
Transfer	-	-	(1,757)	-	-	-	-	1,757	-
At 31 December 2024	38,377	25,632,013	6,210	9,842	1,380	3,067	23,933	7,731	25,722,553
Accumulated depreciation:									
At 1 January 2024	19,865	8,867,425	4,133	5,040	1,135	2,902	14,515	5,886	8,920,901
Charge for the year	2,521	1,160,437	507	953	120	52	2,804	362	1,167,756
Disposals	-	(979,632)	-	(104)	(5)	-	(2,538)	-	(982,279)
Transfer	-	-	599	-	-	-	-	(599)	-
At 31 December 2024	22,386	9,048,230	5,239	5,889	1,250	2,954	14,781	5,649	9,106,378
Net book value:									
At 31 December 2024	15,991	16,583,783	971	3,953	130	113	9,152	2,082	16,616,175

* During 2024, 11 vessels were received, and other projects were completed with total capitalized amount SAR 3,837 million which was transferred from projects under construction (refer note 7).

During the year ended 31 December 2024 the Group have disposed vessels and equipment at net book value of SAR 308 million (31 December 2023: SAR 462 million) and this has resulted in a gain of SAR 216 million (31 December 2023: SAR 214 million).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT (continued)

31 December 2023 (Audited)	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
Cost:									
At 1 January 2023	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310
Additions*	4,553	1,660,842	193	287	231	209	4,937	-	1,671,252
Disposals	(39,661)	(1,530,993)	(4,194)	(1,854)	(823)	(58)	(7,280)	(8,310)	(1,593,173)
At 31 December 2023	29,030	22,854,930	7,962	7,775	1,376	3,067	20,295	5,954	22,930,389
Accumulated depreciation:									
At 1 January 2023	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889
Charge for the year	2,157	1,145,102	865	766	169	44	1,961	-	1,151,064
Disposals	(31,016)	(1,068,691)	(4,194)	(1,724)	(823)	(58)	(7,236)	(8,310)	(1,122,052)
At 31 December 2023	19,865	8,867,425	4,133	5,040	1,135	2,902	14,515	5,886	8,920,901
Net book value:									
At 31 December 2023	9,165	13,987,505	3,829	2,735	241	165	5,780	68	14,009,488

* During 2023, 5 new vessels were received, and other projects were completed with total capitalized amount SAR 1,418 million which was transferred from projects under construction (refer note 7).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

7. PROJECTS UNDER CONSTRUCTION

The movement in projects under construction is as follows:

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
Beginning balance	905,035	935,512
Additions	5,223,356	1,387,637
Transferred to property and equipment (note 6)	(3,836,728)	(1,418,114)
Ending balance	2,291,663	905,035

During 2019, the Company signed an agreement with The Saudi Water Authority (“SWA”) (“Arrows project”) for supplying desalinated water from floating mobile stations for a period of 20 years. In this respect, the Company engaged an Engineering, Procurement, and Construction (“EPC”) contractor for the purposes of constructing 3 floating stations for water desalination with a total cost of SAR 760 million. The construction commenced in January 2020, one station commences operations and capitalized during Q2 2024 and the second one during Q4 2024, the remaining station will be completed during 2025.

On 19 August 2024, the Company signed an agreement to acquire nine second hand Very Large Crude Carriers (VLCCs) from Capital Maritime and Trading Corporation for an approximate amount of SAR 3.75 billion (USD 1 billion). The VLCCs will be delivered to Bahri in multiple batches before the end of Q1-2025. As for the payment schedule, it was agreed that Bahri will pay 10% of the total transaction amount upon signing the purchase agreement, while the remaining 90% to be paid upon delivery of the vessels.

Projects under construction include SAR 85 million of borrowing costs capitalized during the year (31 December 2023: SAR 20 million).

8. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables and contract assets include the following items:

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	647,222	531,095
Due from related parties (note 16)	628,877	537,516
	1,276,099	1,068,611
Contract assets	180,107	393,016
	1,456,206	1,461,627
Less: Provision on trade receivables and contract assets (note a)	(182,825)	(163,626)
Trade receivables and contract assets, net	1,273,381	1,298,001

a- The movement of provision on trade receivables and contract assets is as follows:

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	163,626	168,843
Charge for the year	20,390	2,564
Write-off	(1,191)	(7,781)
Ending balance	182,825	163,626

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent bank balances, cash, investments in Murabaha and short-term deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
Bank balances and cash	889,711	711,485
Murabaha and short-term deposits*	931,789	2,201,632
Cash and cash equivalents	1,821,500	2,913,117

* Represent deposits placed with banks for a period of less than 3 months and the Group has earned a Murabaha income amounting to SAR 86 million (31 December 2023: SAR 79.6 million).

10. LOANS AND BORROWINGS

	Note	31 December 2024 (Unaudited)	31 December 2023 (Audited)
Sukuk	10.1	3,900,000	3,900,000
Murabaha loans	10.2	4,869,569	3,802,362
Total loans and borrowings		8,769,569	7,702,362
Less: total current portion		(459,585)	(609,117)
Non-current loans and borrowings		8,309,984	7,093,245
Less: prepaid financing		(21,500)	(33,081)
Net non-current loans and borrowings		8,288,484	7,060,164
Current portion		459,585	609,117
Non-current portion		8,288,484	7,060,164
		8,748,069	7,669,281

10.1 Sukuk

On 6 Dhul-Hijjah 1443H (corresponding to 5 July 2022), the Company completed the issuance and offering of a local Sukuk denominated in Saudi Riyal for public offering with nominal value amounting to SAR 3,900 million, and a nominal value of SAR 1 million for each Sukuk. The Sukuk issuance bears a variable rate of return at SIBOR plus a predetermined margin, payable semi-annually. The Sukuk is due to mature at par value on its expiry date of 27 Safar 1451H (corresponding to 5 July 2029). The balance in the prepaid financing account related to Sukuk as at 31 December 2024 is SAR 5.2 million (31 December 2023: SAR 5.8 million).

10.2 Murabaha loans

The Group obtained Murabaha long term loans during the year ended 31 December 2024 for a total of SAR 2,527 million (31 December 2023: SAR 887 million). Loans are secured by promissory notes and mortgages against vessels. These loans are repayable over 10 years on a quarterly or semi-annual basis and a repayment of SAR 1,460 million was made during the year ended 31 December 2024 (31 December 2023: SAR 2,755 million). The loans carry commission at normal commercial rates. The balance of loans against which profit is to be paid based on SOFR as of 31 December 2024 is SAR 1,919 million (31 December 2023: Nil) and the balance of loans against which profit is to be paid based on SIBOR as at 31 December 2024 totaled to SAR 2,950 million (31 December 2023: SAR 3,802 million). The balance in the prepaid financing account related to Murabaha loans as at 31 December 2024 is SAR 16.3 million (31 December 2023: SAR 27.2 million).

10.3 Covenants

Borrowing agreements include covenants mainly related to maintaining certain ratios of leverage and debt to equity ratio. Under the terms of these agreements, lenders are entitled to demand immediate repayment of loans if these covenants are not met. As at 31 December 2024, one of the subsidiaries was not in compliance with certain loan covenants. However, during the year ended 31 December 2024, management has obtained a waiver of covenant from the bank that the loan will not be called due to breach of the covenant.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

11. TRADE AND OTHER PAYABLES

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
Accrued expenses	565,837	492,620
Trade payables	488,434	392,274
Due to related parties (note 16)	387,057	526,031
Accrued finance cost	215,323	206,844
Dividends payables	65,592	64,798
Others	216,671	69,811
	<u>1,938,914</u>	<u>1,752,378</u>

12. ZAKAT AND INCOME TAX

The movement in the provision for zakat and income tax is as follows:

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	250,989	255,446
Charge for the year	115,180	100,836
Payments during the year	(140,495)	(105,293)
Ending balance	<u>225,674</u>	<u>250,989</u>

The Company's zakat is based on the financial statements of the Company and its wholly owned subsidiaries (except Bahri logistics Company filed separately), in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. The Company and its other subsidiaries file their zakat and tax returns separately.

The Company has filed its Zakat returns up to 2023 and obtained the zakat certificate for the year 2023.

The Company has cleared and settled all zakat assessments issued by ZATCA for the years from 2015 to 2020.

Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

The Company did not receive the zakat assessments for the years 2021 to 2023 from ZATCA.

13. EARNINGS PER SHARE

	For the three- month period ended on 31 December 2024	For the three- month period ended on 31 December 2023	For the year ended on 31 December 2024	For the year ended on 31 December 2023
Profit for the period/ year (SAR 000')	474,255	401,225	2,169,392	1,613,428
Average number of share outstanding during the period/ year	738,281	738,281	738,281	738,281
Earnings per share - Basic and Diluted (Saudi Riyals)	0.64	0.54	2.94	2.19

The basic and diluted earnings per share is calculated by dividing the profit of the period for ordinary shareholders of the parent company by the weighted average number of ordinary shares in place during the year.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

14. FINANCIAL INSTRUMENTS

Fair values of financial instruments

	31 December 2024 (Unaudited)			Total
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	
FVOCI – equity instrument:				
Quoted equity shares	26,461	-	-	26,461
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	22,802	-	22,802
Liabilities	-	2,943	-	2,943
	31 December 2023 (Audited)			Total
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	
FVOCI – equity instrument:				
Unquoted equity shares	-	-	16,352	16,352
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	58,523	-	58,523
Liabilities	-	4,168	-	4,168

There was a transfer from Level 3 to Level 1 during 2024 for the investment made in Arabian United Float Glass Company since the investee Company became listed on the parallel market “Nomu” on 18 September 2024.

Derivative financial instruments include interest rate cap and floor. These derivatives are valued using widely recognized valuation models. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of standard models using present value calculations and mid-market valuations. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs including cap/floor volatility, interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices.

Management believes that the fair value of other assets and liabilities approximate to their carrying values.

15. DIVIDENDS

The Board of Directors decided in its meeting held on 18 March 2024 to recommend to the General Assembly of the Company the distribution of cash dividends of SAR 406 million to the shareholders for the financial year ended 31 December 2023 amounting to SAR 0.55 per share. The General Assembly had approved the recommendation in its meeting held on 4 June 2024. These dividends have been paid on 1 July 2024.

The Board of Directors decided in its meeting held on 14 March 2023 to recommend to the General Assembly of the Company the distribution of cash dividends of SAR 246 million to the shareholders for the financial year ended 31 December 2022 amounting to SAR 0.5 per share. The General Assembly had approved the recommendation in its meeting held on 19 June 2023. These dividends have been paid on 16 July 2023.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

16. RELATED PARTIES

Related parties represent major shareholders, government related entities, directors and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. The Group has claimed exemption from the requirements of para 18 of IAS 24 (“Related Party Disclosure”).

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. The Group’s majority shareholder, PIF and Aramco, are fully owned by the Government of the Kingdom of Saudi Arabia. PIF and Aramco exercise significant influence over the Group.

Trading transactions and balances with related parties

The Group transacts with related parties in the ordinary course of its activities, as many of the Group’s transactions and arrangements are based on signed agreements between the Group and those companies. The balances are unsecured, interest-free, and repayable on demand unless otherwise stated.

The transactions with related parties during the year were as follows:

Related parties	Nature of the transaction	For the year ended 31 December	
		2024 (Unaudited)	2023 (Audited)
ARAMCO and its subsidiaries – shareholder	Operating revenue	4,469,546	3,598,582
ARAMCO and its subsidiaries – shareholder	Bunker purchase	789,794	429,758
SABIC and its subsidiaries – related to a shareholder	Operating revenue	319,730	554,396
International Maritime Industries (“IMI”) – Associate	Operating revenue	5,417	3,481

Related party balances included in trade receivables and contract assets (note 8) are as follows:

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
ARAMCO and its subsidiaries	620,071	496,065
SABIC and its subsidiaries	5,959	37,931
International Maritime Industries (“IMI”)	2,847	3,520
	628,877	537,516

Payables due to related parties are as follows:

	31 December 2024 (Unaudited)	31 December 2023 (Audited)
ARAMCO and its subsidiaries (note 11)	387,057	526,031

17. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital Commitments

The Group’s capital commitment related to projects under construction and the purchase of property and equipment was SAR 3 billion as at 31 December 2024 (31 December 2023: SAR 65 million).

Contingencies

The Group has outstanding bank letters of guarantee for SAR 345 million as at 31 December 2024 (31 December 2023: SAR 333 million) issued for the Group’s normal course of business.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

18. SUBSEQUENT EVENTS

In the opinion of management, there have been no significant subsequent events for the year ended 31 December 2024 that would have a material impact on the financial position and performance of the Group as reflected in these interim condensed consolidated financial statements.

19. DATE OF AUTHORIZATION

These interim condensed consolidated financial statements were authorized for issuance on 30 Rajab.1446H (corresponding to 30 January 2025).