

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 nine-month periods ended 30 September 2024

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA COMPANY
(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 30 September 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period 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 and nine-month periods ended 30 September 2023 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 15 Rabi' al-Thani 1445H (corresponding to 30 October 2023).

for Ernst & Young Professional Services

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

Riyadh: 2 Jumada al-Ula 1446
4 November 2024



THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 30 September 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	30 September 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	15,035,846	14,009,488
Projects under construction	7	1,608,941	905,035
Right-of-use assets		1,068,816	661,384
Intangible assets		292,500	324,537
Equity accounted investees		2,148,065	1,833,985
Other non-current financial assets		41,303	74,958
TOTAL NON-CURRENT ASSETS		20,195,471	17,809,387
CURRENT ASSETS			
Inventories		515,737	498,376
Trade receivables and contract assets	8	1,438,494	1,298,001
Prepayments and other current assets		708,361	587,364
Cash and cash equivalents	9	2,106,621	2,913,117
TOTAL CURRENT ASSETS		4,769,213	5,296,858
TOTAL ASSETS		24,964,684	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		4,642	14,493
Retained earnings		4,241,251	2,952,169
Equity attributable to equity holders of the Parent Company		13,117,808	11,838,577
Non-controlling interests		925,651	803,659
TOTAL EQUITY		14,043,459	12,642,236
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	10	7,229,667	7,060,164
Employees' end of service benefits		119,749	100,325
Lease liabilities		622,960	498,840
Derivative financial instruments		2,943	4,168
TOTAL NON-CURRENT LIABILITIES		7,975,319	7,663,497
CURRENT LIABILITIES			
Loans and borrowings	10	446,539	609,117
Lease liabilities		460,558	188,028
Trade and other payables	11	1,854,390	1,752,378
Provision for Zakat and income tax	12	184,419	250,989
TOTAL CURRENT LIABILITIES		2,945,906	2,800,512
TOTAL LIABILITIES		10,921,225	10,464,009
TOTAL EQUITY AND LIABILITIES		24,964,684	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 nine-month periods ended 30 September 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue	5	2,240,585	2,026,664	7,265,918	6,754,065
Operating costs		(1,762,218)	(1,704,852)	(5,404,612)	(5,271,902)
Gross profit before bunker subsidy		478,367	321,812	1,861,306	1,482,163
Bunker subsidy		118,965	38,926	268,667	74,530
Gross profit		597,332	360,738	2,129,973	1,556,693
General and administrative expenses		(49,975)	(53,600)	(199,060)	(148,300)
(Provision)/ reversal on trade receivables and contract assets	8	(6,571)	8,725	(22,816)	2,796
Other income		99,055	105,418	199,705	202,028
Total operating profit		639,841	421,281	2,107,802	1,613,217
Finance cost		(158,442)	(167,620)	(478,222)	(474,941)
Finance income	9	17,604	25,582	67,806	54,210
Share in results of equity accounted investees		94,481	2,835	253,523	205,569
Profit before zakat and income tax		593,484	282,078	1,950,909	1,398,055
Zakat and income tax	12	(24,829)	(19,583)	(73,780)	(58,612)
Profit for the period		568,655	262,495	1,877,129	1,339,443
Profit for the period attributable to:					
Equity holders of the Parent Company		509,019	224,335	1,695,137	1,212,203
Non-controlling interests		59,636	38,160	181,992	127,240
		568,655	262,495	1,877,129	1,339,443
Earnings per share (Saudi Riyal):					
Basic & diluted	13	0.69	0.30	2.30	1.64


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 nine-month periods ended 30 September 2024

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Profit for the period	568,655	262,495	1,877,129	1,339,443
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods:				
Re-measurement of employees' end of service benefits	(280)	127	(840)	383
Items that are or may be reclassified to profit or loss in subsequent periods:				
Equity accounted investees share of OCI	(21,701)	967	(9,011)	(4,573)
Total comprehensive income for the period	546,674	263,589	1,867,278	1,335,253
Total comprehensive income attributable to:				
Equity holders of the Parent Company	487,038	225,429	1,685,286	1,208,013
Non-controlling interests	59,636	38,160	181,992	127,240
Total comprehensive income for the period	546,674	263,589	1,867,278	1,335,253


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 nine-month period ended 30 September 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		For the nine-month period ended 30 September	
	Notes	2024 (Unaudited)	2023 (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before zakat and income tax		1,950,909	1,398,055
Adjustments for non-cash items:			
Depreciation of property and equipment		858,938	865,224
Depreciation of right-of-use assets		332,034	128,379
Amortization of intangible assets		38,386	44,421
Provision/ (reversal) on trade receivables and contract assets	8	22,816	(2,796)
Finance cost		478,222	474,941
Finance income	9	(67,806)	(54,210)
Share of results of equity accounted investees		(253,523)	(205,569)
Gain on disposal of property and equipment		(185,655)	(127,412)
Employees' end of service benefits		21,479	14,313
		<u>3,195,800</u>	<u>2,535,346</u>
Changes in operating assets and liabilities:			
Inventories		(17,361)	(4,300)
Trade receivables and contract assets		(163,309)	799,936
Prepayments and other current assets		(110,253)	(65,260)
Trade and other payables		167,085	215,952
Cash from operating activities		<u>3,071,962</u>	<u>3,481,674</u>
Finance cost paid		(520,878)	(516,854)
Zakat and income tax paid	12	(140,350)	(94,854)
Employees' end of service benefits paid		(2,895)	(2,258)
Net cash flows generated from operating activities		<u>2,407,839</u>	<u>2,867,708</u>
INVESTING ACTIVITIES			
Additions of property and equipment	6	(170,126)	(183,447)
Additions of projects under construction	7	(2,641,949)	(1,284,754)
Additions of intangible assets		(6,349)	(3,875)
Proceeds from disposal of property and equipment		408,528	413,781
Investment in equity accounted investee		-	(90,259)
Dividends from equity accounted investee		-	85,227
Proceeds from finance income		67,138	54,015
Other non-current financial assets		(7,851)	4,649
Net cash flows used in investing activities		<u>(2,350,609)</u>	<u>(1,004,663)</u>
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	10	1,262,411	886,800
Repayment of loans and borrowings	10	(1,265,562)	(1,708,678)
Dividends paid		(406,055)	(246,095)
Payment of lease liabilities		(394,520)	(135,265)
Dividends paid to non-controlling interests		(60,000)	-
Net cash flows used in financing activities		<u>(863,726)</u>	<u>(1,203,238)</u>
Net increase in cash and cash equivalents		<u>(806,496)</u>	<u>659,807</u>
Cash and cash equivalents at beginning of the period		<u>2,913,117</u>	<u>2,529,358</u>
Cash and cash equivalents at end of the period		<u>2,106,621</u>	<u>3,189,165</u>
Details of other non-cash transactions:			
Projects under construction transferred to property and equipment	6&7	<u>1,938,043</u>	<u>1,309,390</u>
Additions to right-of-use assets		<u>739,466</u>	<u>308,073</u>


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 nine-month period ended 30 September 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Attributable to equity holders of the Parent Company							
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
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 period	-	-	-	-	1,212,203	1,212,203	127,240	1,339,443
Other comprehensive loss	-	-	-	(4,190)	-	(4,190)	-	(4,190)
Total comprehensive income for the period	-	-	-	(4,190)	1,212,203	1,208,013	127,240	1,335,253
Transferred to share capital	2,460,937	(351,750)	-	-	(2,109,187)	-	-	-
Dividends (note 15)	-	-	-	-	(246,095)	(246,095)	-	(246,095)
Balance as at 30 September 2023 (unaudited)	7,382,812	-	1,489,103	30,213	2,550,944	11,453,072	751,436	12,204,508
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 period	-	-	-	-	1,695,137	1,695,137	181,992	1,877,129
Other comprehensive loss	-	-	-	(9,851)	-	(9,851)	-	(9,851)
Total comprehensive income for the period	-	-	-	(9,851)	1,695,137	1,685,286	181,992	1,867,278
Dividends (note 15)	-	-	-	-	(406,055)	(406,055)	-	(406,055)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(60,000)	(60,000)
Balance as at 30 September 2024 (unaudited)	7,382,812	-	1,489,103	4,642	4,241,251	13,117,808	925,651	14,043,459


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 nine-month period ended 30 September 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 30 September 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
		30 September 2024	31 December 2023		
NSCSA Inc. – USA	1991	100	100	Company's ship agent	USA
Mideast Ship Management Limited (JLT)	2010	100	100	Ships technical management	UAE
Bahri Logistics Company	2017	100	100	Logistics services	KSA
Bahri Logistics Company DWC-LLC*	2024	100	-	Logistics services	UAE
National Chemical Carriers Company limited (“NCC”)	1990	80	80	Petrochemical transportation	KSA
Bahri Dry Bulk Company (“BDB”)	2010	60	60	Dry bulk transportation	KSA

*The Group holds an effective equity ownership interest of 100% in Bahri Logistics Company DWC-LLC through shareholding in Bahri Logistics Company.

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
			30 September 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 (continued)
For the nine-month period ended 30 September 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 Company will complete the process of allocating deemed consideration to the identifiable assets and liabilities within twelve months from the date of change in ownership.

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 to establish the National Grain Company with United Farmers Investment Company ("UFIC"). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port, to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. The legal formalities were finalized, and the commercial register was issued on 18 Shaaban 1442H (equivalent to 31 March 2021). The JV has not yet commenced operations.

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 30 September 2024, the Group operated 88 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 40 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 29 vessels and 16 under lease contract (31 December 2023: owned 32 vessels and 10 under lease contract). Specialized tankers distributed as follows:

- 39 tankers operate in the spot market.
- 6 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 nine months period ended 30 September 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 nine-month period ended 30 September 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 unquoted 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 nine-month period ended 30 September 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. New standards, interpretations and amendments adopted by the Group

The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective. Those standards and interpretation or amendments are not disclosed in these interim condensed consolidated financial statements as the management did not consider these relevant to the group's operation or will have a material impact on the financial statements of the group in future periods.

Several amendments apply for the first time in 2024, but do not have an 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.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 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 period:

30 September 2024 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	3,579,932	2,505,946	772,293	374,330	7,232,501	33,417	7,265,918
Operating costs	(2,663,956)	(1,658,831)	(714,583)	(314,627)	(5,351,997)	(52,615)	(5,404,612)
Bunker subsidy	223,360	26,745	17,334	1,228	268,667	-	268,667
Gross profit	1,139,336	873,860	75,044	60,931	2,149,171	(19,198)	2,129,973
General and administrative expenses	(9,282)	(10,795)	(18,585)	(12,522)	(51,184)	(147,876)	(199,060)
(Provision)/ reversal on trade receivables and contract assets	5,366	(11,145)	(15,891)	(1,143)	(22,813)	(3)	(22,816)
Other income	50,569	139,581	716	71	190,937	8,768	199,705
Finance cost	(198,873)	(108,082)	(7,127)	(29,472)	(343,554)	(134,668)	(478,222)
Finance income	131	18,591	-	864	19,586	48,220	67,806
Share of results of equity accounted investees	-	-	-	-	-	253,523	253,523
Profit before Zakat and income tax	987,247	902,010	34,157	18,729	1,942,143	8,766	1,950,909

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.

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5. OPERATING SEGMENTS (continued)

30 September 2023 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	3,856,451	2,003,738	671,378	212,531	6,744,098	9,967	6,754,065
Operating costs	(3,024,564)	(1,406,832)	(638,540)	(138,249)	(5,208,185)	(63,717)	(5,271,902)
Bunker subsidy	62,015	4,362	8,153	-	74,530	-	74,530
Gross profit	893,902	601,268	40,991	74,282	1,610,443	(53,750)	1,556,693
General and administrative expenses	(11,177)	(12,359)	(17,589)	(11,148)	(52,273)	(96,027)	(148,300)
Reversal/ (provision) on trade receivables and contract assets	10,518	(8,947)	1,190	35	2,796	-	2,796
Other income	118,710	84,721	2,539	1,756	207,726	(5,698)	202,028
Finance cost	(275,776)	(118,864)	(10,409)	(21,117)	(426,166)	(48,775)	(474,941)
Finance income	-	9,684	-	3,714	13,398	40,812	54,210
Share of results of equity accounted Investees	-	-	-	-	-	205,569	205,569
Profit before Zakat and income tax	736,177	555,503	16,722	47,522	1,355,924	42,131	1,398,055

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5. OPERATING SEGMENTS (continued)

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

30 September 2024 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	9,332,711	2,990,408	1,164,871	1,218,335	329,521	15,035,846
Other assets	2,151,640	2,821,668	858,666	125,913	3,970,951	9,928,838
Total assets	11,484,351	5,812,076	2,023,537	1,344,248	4,300,472	24,964,684
Total liabilities	5,743,987	2,450,758	525,954	710,779	1,489,747	10,921,225
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

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6. PROPERTY AND EQUIPMENT

30 September 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*	5,407	2,097,539	-	1,962	9	-	3,232	20	2,108,169
Disposals	-	(926,577)	-	(114)	(5)	-	(2,064)	-	(928,760)
Transfer	-	-	(1,757)	-	-	-	-	1,757	-
At 30 September 2024	34,437	24,025,892	6,205	9,623	1,380	3,067	21,463	7,731	24,109,798
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 period	1,842	853,606	379	714	106	39	1,981	271	858,938
Disposals	-	(703,714)	-	(104)	(5)	-	(2,064)	-	(705,887)
Transfer	-	-	599	-	-	-	-	(599)	-
At 30 September 2024	21,707	9,017,317	5,111	5,650	1,236	2,941	14,432	5,558	9,073,952
Netbook value:									
At 30 September 2024	12,730	15,008,575	1,094	3,973	144	126	7,031	2,173	15,035,846

* During 2024, 4 vessels were received, and other projects were completed with total capitalized amount SAR 1,938 million which was transferred from projects under construction (refer note 7).

During the period ended 30 September 2024 the Group have disposed vessels and equipment at net book value of SAR 223 million (31 December 2023: SAR 462 million) and this has resulted in a gain of SAR 186 million (30 September 2023: SAR 127 million).

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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).

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7. PROJECTS UNDER CONSTRUCTION

The movement in projects under construction is as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Beginning balance	905,035	935,512
Additions	2,641,949	1,387,637
Transferred to property and equipment (note 6)	(1,938,043)	(1,418,114)
Ending balance	1,608,941	905,035

During 2019, the Company signed an agreement with 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, the remaining two stations will be completed during 2024.

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 15.3 million of borrowing costs capitalized during the period (31 December 2023: SAR 20 million).

8. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables and contract assets include the following items:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	697,089	531,095
Due from related parties (note 16)	736,371	537,516
	1,433,460	1,068,611
Contract assets	191,355	393,016
	1,624,815	1,461,627
Less: Provision on trade receivables and contract assets (note a)	(186,321)	(163,626)
Trade receivables and contract assets, net	1,438,494	1,298,001

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	163,626	168,843
Charge for the period/ year	22,816	2,564
Write-off	(121)	(7,781)
Ending balance	186,321	163,626

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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:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Bank balances and cash	1,013,022	711,485
Murabaha and short-term deposits*	1,093,599	2,201,632
Cash and cash equivalents	2,106,621	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 68 million (30 September 2023: SAR 54 million).

10. LOANS AND BORROWINGS

	Note	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Sukuk	10.1	3,900,000	3,900,000
Murabaha loans	10.2	3,799,211	3,802,362
Total loans and borrowings		7,699,211	7,702,362
Less: total current portion		(446,539)	(609,117)
Non-current loans and borrowings		7,252,672	7,093,245
Less: prepaid financing		(23,005)	(33,081)
Net non-current loans and borrowings		7,229,667	7,060,164
 Current portion		 446,539	 609,117
Non-current portion		7,229,667	7,060,164
		7,676,206	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 Suk. 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 30 September 2024 is SAR 5.7 million (31 December 2023: SAR 5.8 million).

10.2 Murabaha loans

The Group obtained Murabaha long term loans during the nine months period ended 30 September 2024 for a total of SAR 1,262 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 1,266 million was made during the nine-months period ended 30 September 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 30 September 2024 is SAR 676 million (31 December 2023: Nil) and the balance of loans against which profit is to be paid based on SIBOR as at 30 September 2024 totaled to SAR 3,123 million (31 December 2023: SAR 3,802 million). The balance in the prepaid financing account related to Murabaha loans as at 30 September 2024 is SAR 17.3 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. During the period ended 30 September 2024, there has been no non-compliance with any of the covenants.

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11. TRADE AND OTHER PAYABLES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Due to related parties (note 16)	577,898	526,031
Accrued expenses	539,907	492,620
Trade payables	475,666	392,274
Accrued finance cost	123,907	206,844
Dividends payables	65,593	64,798
Others	71,419	69,811
	<u>1,854,390</u>	<u>1,752,378</u>

12. ZAKAT AND INCOME TAX

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	250,989	255,446
Charge for the period/ year	73,780	100,836
Payments during the period/ year	(140,350)	(105,293)
Ending balance	<u>184,419</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 filled 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 30 September 2024	For the three- month period ended on 30 September 2023	For the nine - month period ended on 30 September 2024	For the nine - month period ended on 30 September 2023
Profit for the period (SAR 000')	509,019	224,335	1,695,137	1,212,203
Average number of share outstanding during the period	738,281	738,281	738,281	738,281
Earnings per share - Basic and Diluted (Saudi Riyals)	0.69	0.30	2.30	1.64

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 period.

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14. FINANCIAL INSTRUMENTS

Fair values of financial instruments

	30 September 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	22,979	-	-	22,979
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	18,241	-	18,241
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

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.

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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 period were as follows:

Related parties	Nature of the transaction	For the nine-month period ended 30 September	
		2024 (Unaudited)	2023 (Unaudited)
ARAMCO and its subsidiaries – shareholder	Operating revenue	3,447,005	2,867,534
ARAMCO and its subsidiaries – shareholder	Bunker purchase	623,256	217,981
SABIC and its subsidiaries – related to a shareholder	Operating revenue	295,220	305,567
International Maritime Industries (IMI) – Associate	Operating revenue	3,848	2,765

Related party balances included in trade receivables and contract assets are as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
ARAMCO and its subsidiaries	723,911	496,065
SABIC and its subsidiaries	10,399	37,931
International Maritime Industries (IMI)	2,061	3,520
	<u>736,371</u>	<u>537,516</u>

Payables due to related parties are as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
ARAMCO and its subsidiaries (note 11)	<u>577,898</u>	<u>526,031</u>

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 5.4 billion as at 30 September 2024 (31 December 2023: SAR 65 million).

Contingencies

The Group has outstanding bank letters of guarantee for SAR 344 million as at 30 September 2024 (31 December 2023: SAR 333 million) issued for the Group's normal course of business.

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18. SUBSEQUENT EVENTS

In the opinion of management, there have been no significant subsequent events for the period ended 30 September 2024 that would have a material impact on the financial position and performance of the Group as reflected in these condensed consolidated interim financial statements.

19. DATE OF AUTHORIZATION

These interim condensed consolidated financial statements were authorized for issuance on 27 Rabia' al-Thani 1446H (corresponding to 30 October 2024).