

**THE NATIONAL SHIPPING  
COMPANY OF SAUDI ARABIA**  
**(A Saudi Joint Stock Company)**  
**Consolidated Financial Statements**  
and Independent Auditor's Report  
For the year ended 31 December 2025

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Consolidated financial statements and independent auditor's report  
As at 31 December 2025

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<b><u>INDEX</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report	1-5
Consolidated statement of financial position	6
Consolidated statement of profit or loss	7
Consolidated statement of comprehensive income	8
Consolidated statement of cash flows	9
Consolidated statement of changes in equity	10
Notes to the consolidated financial statements	11-49

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**ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)**  
**Paid-Up Capital: ٥,500,000** (Five Million Five Hundred Thousand Saudi Riyals)

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of The National Shipping Company of Saudi Arabia (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, as applicable to audit of consolidated financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b> During the year the Group has recognized revenue primarily from voyage charter, time charter and freight forwarding amounting to SR 10.3 billion (2024: SR 9.5 billion).</p> <p>We considered revenue recognition as a key audit matter considering the materiality of the amounts involved, volume of transactions, and the inherent risk due to the time-based measure used by the Group that the revenue for unfinished voyages is not accurately recognized in respect of the cut-off reporting date, which could significantly impact the consolidated financial statements.</p> <p><i>Refer to note 4 for the accounting policy relating to revenue recognition, notes 21 and 27 for the related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process used by the management in recognizing various revenue flows;</li> <li>• Evaluated the Group's accounting policy, relating to revenue recognition for compliance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia;</li> <li>• Assessed the design, implementation and tested the operating effectiveness of key IT control implemented by the Group relating to revenue, with the involvement of our IT specialist;</li> <li>• Performed cut-off testing procedures on a sample basis, to assess whether revenue is recognized in proper accounting period;</li> <li>• Tested on sample basis, the amounts recorded for different streams of revenue considering the relevant documentation and agreement with the customers;</li> <li>• Performed analytical procedures for different streams of revenue by comparing expectations of revenue with the actual results and analysed the variance;</li> <li>• Performed recalculation of the revenue recorded for the voyage in transit to evaluate whether revenue was recognized in the proper accounting period; and</li> <li>• Assessed the adequacy of the relevant disclosures in the consolidated financial statements.</li> </ul>



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Other information included in The Group's 2025 Annual Report**

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2025 annual report is expected to be made available to us after the date of this auditor's report.

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

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

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

Those charged with governance i.e, the Audit Committee is responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements  
(continued)**

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

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



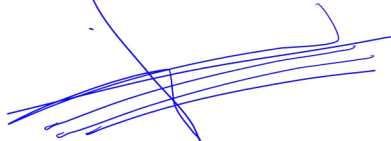
**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A SAUDI JOINT STOCK COMPANY) (continued)**

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

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

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

for Ernst & Young Professional Services

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



Riyadh: 28 Ramadhan 1447  
17 March 2026

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Consolidated statement of financial position  
As at 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

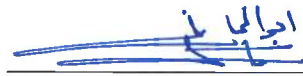
	Notes	2025	2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	20,600,428	16,616,175
Projects under construction	7	886,664	2,291,663
Right of use assets	18	523,118	948,623
Intangible assets	8	243,128	283,205
Equity accounted investees	9	2,475,425	2,175,143
Other non-current financial assets	10	32,115	49,346
<b>TOTAL NON-CURRENT ASSETS</b>		<b>24,760,878</b>	<b>22,364,155</b>
<b>CURRENT ASSETS</b>			
Inventories	11	447,083	468,063
Trade receivables and contract assets	12	1,992,337	1,273,381
Prepayments and other current asset	13	875,174	681,834
Short term deposits	14	1,825,400	-
Cash and cash equivalents	14	1,082,871	1,821,500
<b>TOTAL CURRENT ASSETS</b>		<b>6,222,865</b>	<b>4,244,778</b>
<b>TOTAL ASSETS</b>		<b>30,983,743</b>	<b>26,608,933</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	9,228,515	7,382,812
Share premium		1,489,103	1,489,103
Other reserves		(11,221)	37,793
Retained earnings		4,562,862	4,715,506
<b>Equity attributable to equity holders of the Parent Company</b>		<b>15,269,259</b>	<b>13,625,214</b>
Non-controlling interests	31	968,536	960,008
<b>TOTAL EQUITY</b>		<b>16,237,795</b>	<b>14,585,222</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	16	10,671,269	8,288,484
Employees' end of service benefits	17	141,772	131,579
Lease liabilities	18	335,185	540,215
Other liabilities		26,324	2,943
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,174,550</b>	<b>8,963,221</b>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	16	1,028,571	459,585
Lease liabilities	18	209,970	436,317
Trade and other payables	19	2,138,874	1,938,914
Provision for Zakat and income tax	20	193,983	225,674
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,571,398</b>	<b>3,060,490</b>
<b>TOTAL LIABILITIES</b>		<b>14,745,948</b>	<b>12,023,711</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,983,743</b>	<b>26,608,933</b>



Chairperson



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Consolidated statement of profit or loss  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

	Notes	2025	2024
Revenue	21	10,346,721	9,482,387
Operating costs	22	(7,550,132)	(7,119,252)
<b>Gross profit before bunker subsidy</b>		<b>2,796,589</b>	<b>2,363,135</b>
Bunker subsidy		301,115	337,222
<b>Gross profit</b>		<b>3,097,704</b>	<b>2,700,357</b>
General and administrative expenses	23	(451,802)	(321,167)
Provision on trade receivables and contract assets	12	(27,777)	(20,390)
Other income	24	107,410	245,191
<b>Operating profit</b>		<b>2,725,535</b>	<b>2,603,991</b>
Finance cost	25	(707,729)	(621,649)
Finance income	14	67,404	86,076
Share of results of equity accounted investees	9	566,425	432,563
<b>Profit before Zakat and income tax</b>		<b>2,651,635</b>	<b>2,500,981</b>
Zakat and income tax	20	(92,166)	(115,180)
<b>Profit for the year</b>		<b>2,559,469</b>	<b>2,385,801</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the Parent Company		2,431,341	2,169,392
Non-controlling interests	31	128,128	216,409
		<b>2,559,469</b>	<b>2,385,801</b>
<b>Earnings per share (Saudi riyal):</b>			
Basic & diluted	26	2.63	2.35



Chairperson



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Consolidated statement of comprehensive income  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

	Notes	2025	2024
<b>Profit for the year</b>		<b>2,559,469</b>	2,385,801
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>			
Changes in fair value of investment through OCI		(4,179)	11,644
Re-measurement gain of employees' end of service benefits	17	1,416	517
<b>Items that maybe reclassified to profit or loss in subsequent periods:</b>			
Equity accounted investees-share of OCI	9	(45,851)	11,079
<b>Total comprehensive income for the year</b>		<b>2,510,855</b>	<b>2,409,041</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company		2,382,327	2,192,692
Non-controlling interests		128,528	216,349
		<b>2,510,855</b>	<b>2,409,041</b>



Chairperson



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Consolidated statement of cash flows  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

	Notes	2025	2024
<b>OPERATING ACTIVITIES</b>			
Profit before zakat and income tax		2,651,635	2,500,981
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment	6	1,507,571	1,167,756
Depreciation of right-of-use assets	18	385,887	452,163
Amortization of intangible assets	8	47,799	50,527
Provision on trade receivables and contract assets	12	27,777	20,390
Finance cost	25	707,729	621,649
Finance income	14	(67,404)	(86,076)
Share of results of equity accounted investees	9	(566,425)	(432,563)
Gain on disposal of property and equipment	24	(5,814)	(215,924)
Employees' end of service benefits	17	21,868	37,710
		<u>4,710,623</u>	<u>4,116,613</u>
<b>Changes in working capital:</b>			
Inventories		20,980	30,313
Trade receivables and contract assets		(746,733)	4,230
Prepayments and other current assets		(161,831)	(81,156)
Trade and other payables		226,414	59,407
<b>Cash from operating activities</b>		<u>4,049,453</u>	<u>4,129,407</u>
Finance cost paid		(701,260)	(577,450)
Zakat and income tax paid	20	(123,857)	(140,495)
Employees' end of service benefits paid	17	(10,259)	(5,939)
<b>Net cash flows generated from operating activities</b>		<u>3,214,077</u>	<u>3,405,523</u>
<b>INVESTING ACTIVITIES</b>			
Additions of property and equipment	6	(293,841)	(245,972)
Additions of projects under construction	7	(3,948,938)	(5,223,356)
Additions of intangible assets	8	(7,722)	(9,195)
Proceeds from disposal of property and equipment		161,768	524,181
Dividends from equity accounted investee	9	225,450	225,450
Short term deposits	14	(1,825,400)	-
Proceeds from finance income		46,095	84,343
Other non-current financial assets		3,395	1,536
<b>Net cash flows used in investing activities</b>		<u>(5,639,193)</u>	<u>(4,643,013)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	16	4,943,829	2,526,873
Repayment of loans and borrowings	16	(2,002,258)	(1,459,666)
Dividends paid to equity holders of the parent	30	(738,282)	(406,055)
Payment of lease liabilities		(396,802)	(455,279)
Dividends paid to non-controlling interests		(120,000)	(60,000)
<b>Net cash flows generated from financing activities</b>		<u>1,686,487</u>	<u>145,873</u>
Net decrease in cash and cash equivalents		(738,629)	(1,091,617)
Cash and cash equivalents at beginning of the year		1,821,500	2,913,117
<b>Cash and cash equivalents at end of the year</b>	14	<u>1,082,871</u>	<u>1,821,500</u>
<b>Non-cash transactions:</b>			
Projects under construction transferred to property and equipment	6&7	5,353,937	3,836,728
(Termination)/ additions to right-of-use assets	18	(39,618)	739,402



Chairperson



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity  
For the year ended 31 December 2025

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

	Attributable to equity holders of the Parent Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2024	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 paid to equity holders of the parent (note 30)	-	-	-	(406,055)	(406,055)	-	(406,055)
Dividends paid to non-controlling interest (note 30)	-	-	-	-	-	(60,000)	(60,000)
Balance at 31 December 2024	7,382,812	1,489,103	37,793	4,715,506	13,625,214	960,008	14,585,222
<b>Balance at 1 January 2025</b>	<b>7,382,812</b>	<b>1,489,103</b>	<b>37,793</b>	<b>4,715,506</b>	<b>13,625,214</b>	<b>960,008</b>	<b>14,585,222</b>
Profit for the year	-	-	-	2,431,341	2,431,341	128,128	2,559,469
Other comprehensive loss	-	-	(49,014)	-	(49,014)	400	(48,614)
Total comprehensive income for the year	-	-	(49,014)	2,431,341	2,382,327	128,528	2,510,855
Transferred from retained earnings (note 1)	1,845,703	-	-	(1,845,703)	-	-	-
Dividends paid to equity holders of the parent (note 30)	-	-	-	(738,282)	(738,282)	-	(738,282)
Dividends to non-controlling interest (note 30)	-	-	-	-	-	(120,000)	(120,000)
Balance at 31 December 2025	9,228,515	1,489,103	(11,221)	4,562,862	15,269,259	968,536	16,237,795



Chairperson



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

**THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA**  
**(A Saudi Joint Stock Company)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2025**

**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 and Unified number 7000312574 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 9,228,515,620 as at 31 December 2025 is divided into 922,851,562 shares (31 December 2024: SAR 7,382,812,500 divided into 738,218,250 shares) with a par value of SAR 10 each (note 15).

The subsidiary companies whose financial information are incorporated into these consolidated financial statements are as follows:

Subsidiary	Date of incorporation	Effective Ownership %		Principal activity	Location
		31 December 2025	31 December 2024		
National Chemical Carriers Company limited (“NCC”)	1990	80	80	Petrochemical transportation	KSA
NSCSA Inc. – USA	1991	100	100	Company's ship agent	USA
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 (a)	2024	100	100	Logistics services	UAE
Bahri Logistics Company (“SILZ”) LLC (a)	2024	100	100	Logistics services	KSA
Bahri Shipping Pte. Ltd.(b)	2025	100	-	Company's ship agent	Singapore
Bahri High Seas (b)	2025	100	-	Acquisition and operating of vessels	KSA
Bahri Dry Ship Management FZCO (b)	2025	100	-	Ship Management and Operation	UAE
Bahri Chemical Ship Management FZCO (b)	2025	100	-	Ship Management and Operation	UAE

- a) 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.
- b) During this year, the Group has established a new subsidiary (Bahri Shipping Pte. Ltd) in Singapore the primary activity of which is to engage in shipping operations, including the chartering of ships and boats with crew. The Group also incorporated a new subsidiary, (Bahri High Seas), in KSA, whose principal activity is the acquisition and operation of vessels. In addition, the Group incorporated two other subsidiaries in UAE, (Bahri Dry Ship Management FZCO) and (Bahri Chemical Ship Management FZCO), whose principal activities are ship management and operations.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

**1. CORPORATE INFORMATION (continued)**

The equity accounted investee whose financial information incorporated in these consolidated financial statements are as follows:

Equity accounted investees	Nature of relationship	Date of incorporation	Effective Ownership %		Principal Activity	Location
			2025	2024		
Petreddec' group limited (note a)	Joint Venture	2012	<b>40.08</b>	40.08	Liquefied petroleum gas transportation	BVI
International Maritime Industries Company (note b)	Associate	2017	<b>19.9</b>	19.9	Maritime industries	KSA
National Grain Company (note c)	Joint Venture	2021	<b>50</b>	50	Packing and storage of grain	KSA

- a) The Group share of Petreddec results for the financial period are recorded as per the latest financial information prepared by Petreddec. The difference between the latest financial information prepared by Petreddec and the Group 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 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 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's fleet:** As at 31 December 2025, the Group operated 104 owned vessels and 9 under lease contract (31 December 2024: 93 owned vessels and 16 under lease contract) operating in the following sectors:

**Oil transportation sector:** Consists of 50 vessels (31 December 2024: 41 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 9 under lease contract (31 December 2024: owned 33 vessels and 16 under lease contract). Specialized tankers distributed as follows:

- 34 tankers that operate in the spot market.
- 8 tankers are under charter agreements.

**Logistics sector:** This sector consists of 6 RoCon vessels and 2 MPP vessels (31 December 2024: 6 RoCon vessels and 1 MPP vessel) 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 13 vessels (31 December 2024: 12 vessels) specialized in transporting dry bulk cargo. 5 of them are chartered to the Arabian Agricultural Services Company (“ARASCO”) and 8 vessels are operating in the spot market.

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

## Notes to the consolidated financial statements – continued

For the year ended 31 December 2025

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### 2. BASIS OF PREPARATION

#### 2.1. Statement of Compliance

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“IFRS”) and its interpretations as issued by the International Accounting Standards Board (“IASB”) as endorsed in KSA and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as "IFRSs as endorsed in KSA"). The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

#### 2.2. Preparation of financial statements

##### (i) Historical cost convention

These 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 consolidated financial statements are presented in Saudi Riyal (“SAR”), which is the Group’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. Control is achieved when group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement 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 year are included in these 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 financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets, liabilities, income, 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;
- Recognizes any surplus or deficit in the consolidated statement of profit or loss;

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

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**4. MATERIAL ACCOUNTING POLICY INFORMATION**

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

**4.1. Material accounting judgments, estimates and assumptions**

The preparation of 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 results 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 consolidated financial statements:

- Impairment assessment of vessels.
- Measurement of defined benefit obligations; key actuarial assumptions
- Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.
- Useful life of property and equipment
- Incremental borrowing rate on leases

**4.2. Revenue from Contracts with Customers**

The Group recognizes revenue from contracts with customers based on the five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

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

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.2. Revenue from Contracts with Customers (continued)**

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue is recognized when a customer receives the services.

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms
<b>Time Charter arrangement (Time charter)</b>	The Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. Further, because the Group charges a fixed amount for each day of service provided, the Group has an enforceable right to invoice the customer an amount that corresponds directly with the value of the Group's performance completed to date. Revenue is recognized based on percentage of completion over the period of time.
<b>Voyage charter (Spot &amp; charter hire)</b>	In case of voyage charter arrangements including liner, revenue for shipping services is recognized over time as the customer benefits from the service received as it is being performed. The group identifies the performance obligation as the transport of goods from load port to discharge port. Thus, revenue is evenly accrued from the point of loading through to the point of completed discharge based upon the voyage days completed as a proportion of the expected total days of the voyage.
<b>Logistics revenue (Freight forwarding)</b>	Logistics revenue excluding liner primarily comprises order fulfilment and transportation services. Logistics revenue is recognized at the point in time when the services are rendered to the customer.
<b>Desalination revenue</b>	Revenue from desalination is recognized at a specific point in time when control of the goods is transferred to the customer. The group identifies the performance obligation in this arrangement as the delivery of desalinated water to the customer.

The voyage charter contract generally has "demurrage" clause. As per this clause, the charterer reimburses the Group for any potential delays exceeding the allowed laytime as per the charter party clause at the ports visited, which is recorded as voyage revenue. As such, demurrage is considered variable consideration under the contract. Estimates and judgements are required in ascertaining the most likely outcome of a particular voyage and actual outcomes may differ from estimates. Such estimates are reviewed and updated over the term of the voyage charter contract.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

**4.2.1 Significant financing component**

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

**4.2.2 Contract assets**

A contract asset is the Group's right to consideration in exchange for services transferred by the Group to the customer. If the Group transfers services to a customer before the customer pays any consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**4.3. Financial Instruments**

**i- Recognition and initial measurement**

Trade receivables are initially recognized at amortized cost when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.3. Financial Instruments (continued)**

**ii- Classification and subsequent measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

<b>Financial assets at Fair Value Through Profit and Loss (FVTPL)</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Equity investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The financial assets at amortized cost consist of trade receivables and contract assets, other non-current financial assets, other current financial assets and cash and cash equivalents.

**Financial Liabilities – Classification, subsequent measurement and gain and losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

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**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.3. Financial Instruments (continued)**

**ii- Classification and subsequent measurement of financial assets and financial liabilities (continued)**

**Derecognition**

**Financial assets**

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

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**Offsetting**

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

**Impairment of non-derivative financial assets**

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs.

**Credit-impaired financial assets**

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

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 4 years past due from government and semi-government, and 2 years past due from commercial customers;

**Financial Liabilities – Classification, subsequent measurement and gain and losses**

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of impairment**

Allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables and contract assets are presented separately in the statement of profit or loss.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.4. Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, cash at banks, short-term highly liquid deposits, and Murabaha with original maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

**4.5. Inventories**

Inventories consist of bunker fuel, lubricating oils and other supplies. Inventories are measured at the lower of cost or net realizable value. Costs of the used bunker inventory are measured by using the First-in-First-out method while the costs of lubricating oil and other supplies are measured using weighted average method.

Cost includes the net purchase price (after trade discounts) and any shipping, transportation, insurance, custom duties and other direct expenses related to the acquisition of the inventory.

**4.6. Property and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects (qualifying assets) if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Property and equipment</b>	<b>Useful lives (in years)</b>
Buildings and improvements	3 to 20
Fleet and equipment	2.5 to 30
Containers and trailers	5 to 12
Furniture and fixtures	10
Tools and office equipment	2 to 4
Motor vehicles	2 to 4
Computer equipment	4 to 6
Container yards - equipment	5 to 12.5

If an item of property and equipment comprises individual components for which different depreciation methods or rates are appropriate, then each component is depreciated separately. A separate component may either be a physical component or a non-physical component that represents a major inspection or overhaul (such as dry docking of vessels).

For recognition of the Group's vessels, first dry-docking costs are considered as a major component of a vessel which are recorded as a separate asset and depreciated separately. Subsequent dry-docking costs are capitalized as a separate asset and depreciated over the years until the next scheduled dry docking.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Spare parts and capitalized machines, meeting the definition of property and equipment, are accounted as per the principles of IAS 16.

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

## Notes to the consolidated financial statements – continued For the year ended 31 December 2025

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### 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.7. Projects under construction

Projects under construction at year end includes certain assets that have been acquired but are not ready for their intended use. Projects under construction are stated at cost, net of accumulated impairment losses, if any. These assets are transferred to relevant asset categories and are depreciated once they are available for their intended use.

#### 4.8. Intangible assets

Intangible assets (excluding goodwill) acquired separately are measured on initial recognition at cost. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be measured reliably.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

The amortization methods and useful lives are reviewed at each financial year end and adjusted prospectively, if considered necessary. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the useful life or amortization method, as appropriate.

Intangible assets mainly represent software and long-term substantial transportation contracts, which are amortized over a period of 4 to 17 years.

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

#### 4.9. Equity accounted investees

An investment in associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to net assets to the arrangement, rather than right to its assets and obligations for its liabilities.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investment in associates and joint ventures are accounted using the equity method. They are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the equity accounted investee. When the Group's share of losses of an equity accounted investee exceeds the Group's interest in that equity accounted investee (which includes any long-term interests that, in substance, form part of the Group's net investment in equity accounted investees), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investee. If the equity accounted investee subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

On acquisition of the equity accounted investee, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of results of equity accounted investees' in the consolidated statement of profit or loss. Any excess of the Group's share of the net fair value of equity accounted investee's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in consolidated statement of profit or loss in the period in which the investment is acquired.

When a Group entity transacts with an equity accounted investee of the Group, profits or losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the equity accounted investee that are not related to the Group.

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# THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements – continued

For the year ended 31 December 2025

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## 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 4.10. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - ✓ the Group has the right to operate the asset; or
  - ✓ the Group designed the asset in a way that predetermines how and for what purpose it will be used.

#### Group as a lessee

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

##### 1) Right-of-use assets

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group mainly leases vessels, head office and administrative buildings. The useful lives of the right of use assets ranges between 2 – 25 years.

##### 2) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

## Notes to the consolidated financial statements – continued For the year ended 31 December 2025

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### 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.10. Leases (continued)

##### Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### Group as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

#### 4.11. Classification of assets and liabilities to “current” and “non-current”

The Group present assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

#### 4.12. Zakat and tax

The Company and its subsidiaries in the Kingdom of Saudi Arabia are subject to regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, which is subject to interpretations. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the zakat regulation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and annually evaluates positions taken in the Zakat returns with respect to any Zakat differences. Zakat is charged to the consolidated statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the year in which the final assessments are raised.

For subsidiaries outside Kingdom of Saudi Arabia, income tax is provided for in accordance with the regulations applicable in the respective countries and is charged to the consolidated statement of profit or loss. Provision is made for withholding tax on payments to non-resident parties and is charged to the consolidated statement of profit or loss.

##### Value Added Tax (“VAT”)

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

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**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.13. Borrowing costs**

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

The Group has elected to classify cash flow from finance cost as operating activities and cash flow from finance income as investing activities.

**4.14. Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

**4.15. Cash dividends**

The Group recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the company's regulations of Saudi Arabia, a distribution is authorized when it is approved by the shareholders or when interim dividends are approved by the General Assembly. A corresponding amount is recognized directly in equity.

The Group has elected to classify cash flows from dividends received as investing activities and cash flows from dividends paid as financing activities.

**4.16. Employee benefits**

1. Employees' end of service benefits

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

*i. Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

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**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.16. Employees benefits (continued)**

*ii. Defined benefit plan*

A provision is made for amounts payable to employees under the Saudi Labor Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee.

The cost of providing benefits is determined by using the projected unit credit method as amended by IAS 19. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements may be reclassified to profit or loss in subsequent years.

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

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the defined benefit obligation under ‘operating cost’, and ‘general and administrative expenses’ in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Interest expense

**2. Long term incentive plan**

The Group operates a Long-Term Incentive Plan (LTIP) for eligible members of executive management to support organizational success and effective strategy execution. Participation in the plan entitles employees to incentives subject to specified service and performance conditions. The cost of the LTIP is recognized in the consolidated statement of profit or loss over the period in which the related services are rendered. At each reporting date, the cumulative expense recognized up to the vesting date reflects both the proportion of the vesting period completed and the Group’s best estimate of the awards expected to vest. The expense or credit recognized in the statement of profit or loss for each period represents the change in the cumulative expense recorded between the beginning and end of that period.

**4.17. Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

**4.18. Contingent assets and liabilities**

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the consolidated financial statements; it is disclosed unless the outflow of economic benefits is remote.

**4.19. Earnings per share – EPS**

The Group determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

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**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.19. Earnings per share – EPS (continued)**

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

**4.20. Bunker subsidy**

A bunker subsidy is recognized when all attached conditions are complied with and it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group recognizes unconditional government subsidy related to bunker purchases in the consolidated statement of profit or loss as bunker subsidy income.

**4.21. Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its consolidated financial statements. The Group will adjust the amounts recognized in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions considering the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

**4.22. Segment reporting**

A reporting segment is a component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision makers about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President of the respective business unit that makes strategic decisions. All operating segments' results are reviewed regularly by the Chief Executive Officer, the Group's chief operating decision maker about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Group is organized into business units based on their operations and has the following reportable segments:

- Transportation of oil which is provider of crude oil transportation services.
- Transportation of chemicals which transport a wide range of chemicals, including liquids, clean petroleum products, and vegetable oils.
- Logistics which provides door-to-door freight forwarding and logistics services.
- Transportation of dry bulk which is engaged in transportation of grains, coal, iron ore, barley and other dry bulk cargoes.

The Group's management reviews the above segments for quantitative thresholds as well as criteria for presenting the revenues and expenses for the segments at the end of every reporting year.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.23. Standards, interpretations and amendments adopted by the Group**

**4.23.1 New and amended standards and interpretations**

Following are the standards and amendments effective on 1 January 2025 or after (unless otherwise stated) and do not have a material impact on the Group's consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Lack of exchangeability - Amendments to IAS 21**

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of the entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flow.

The amendments had no impact on the Group's consolidated financial statements.

**4.23.2 New and amended standards and interpretations not yet effective**

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

<b>Standard, Amendment or Interpretation</b>	<b>Effective date</b>
- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
- Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
- IFRS 18 - Presentation and Disclosure in Financial Statements *	1 January 2027
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027

\* The Group is currently assessing the potential impact of this standard on the consolidated financial statements and the related notes. This standard has been highlighted separately as it is expected to have a more significant impact on the presentation and disclosure of the consolidated financial statements compared to other new standards and amendments issued but not yet effective.

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

Notes to the consolidated financial statements – continued

For the year ended 31 December 2025

(All amount 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 2025	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	5,860,009	2,856,471	1,120,486	402,689	10,239,655	107,066	10,346,721
Operating costs	(3,919,142)	(2,121,839)	(1,035,514)	(323,073)	(7,399,568)	(150,564)	(7,550,132)
Bunker subsidy	250,630	32,516	17,118	851	301,115	-	301,115
Gross profit/ (loss)	2,191,497	767,148	102,090	80,467	3,141,202	(43,498)	3,097,704
General and administrative expenses	(85,294)	(19,779)	(30,022)	(21,979)	(157,074)	(294,728)	(451,802)
Reversal/ (provision) on trade receivables and contract assets	3,553	(32,003)	689	(16)	(27,777)	-	(27,777)
Other income	72,610	9,235	2,505	379	84,729	22,681	107,410
Finance costs	(400,107)	(128,356)	(5,630)	(39,893)	(573,986)	(133,743)	(707,729)
Finance income	23	37,360	1,310	327	39,020	28,384	67,404
Share of results of equity accounted investees	-	-	-	-	-	566,425	566,425
Profit before Zakat and income tax	1,782,282	633,605	70,942	19,285	2,506,114	145,521	2,651,635

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.

Revenue from the major customers (related parties) represented around 46.8% of the Group's total revenue (31 December 2024: 50.6%).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

5. OPERATING SEGMENTS (continued)

31 December 2024	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/ (loss)	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 NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount 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 2025	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	13,693,632	3,459,669	1,206,025	1,301,763	939,339	20,600,428
Other assets	2,126,308	2,493,080	878,284	144,280	4,741,363	10,383,315
<b>Total assets</b>	<b>15,819,940</b>	<b>5,952,749</b>	<b>2,084,309</b>	<b>1,446,043</b>	<b>5,680,702</b>	<b>30,983,743</b>
<b>Total liabilities</b>	<b>8,094,192</b>	<b>2,426,173</b>	<b>450,819</b>	<b>787,991</b>	<b>2,986,773</b>	<b>14,745,948</b>
31 December 2024	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
<b>Total assets</b>	<b>12,975,539</b>	<b>5,929,546</b>	<b>1,906,303</b>	<b>1,626,992</b>	<b>4,170,553</b>	<b>26,608,933</b>
<b>Total liabilities</b>	<b>5,505,475</b>	<b>2,410,344</b>	<b>484,456</b>	<b>986,572</b>	<b>2,636,864</b>	<b>12,023,711</b>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**6. PROPERTY AND EQUIPMENT**

<b>31 December 2025</b>	<b>Buildings and improvements</b>	<b>Fleet and equipment</b>	<b>Containers and trailers</b>	<b>Furniture and fixtures</b>	<b>Tools and office equipment</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	<b>Container yards - equipment</b>	<b>Total</b>
<b>Cost</b>									
<b>At 1 January 2025</b>	<b>38,377</b>	<b>25,632,013</b>	<b>6,210</b>	<b>9,842</b>	<b>1,380</b>	<b>3,067</b>	<b>23,933</b>	<b>7,731</b>	<b>25,722,553</b>
Additions*	<b>3,100</b>	<b>5,635,370</b>	<b>596</b>	<b>1,783</b>	<b>7</b>	<b>-</b>	<b>6,922</b>	<b>-</b>	<b>5,647,778</b>
Disposals	<b>(477)</b>	<b>(458,968)</b>	<b>(76)</b>	<b>(533)</b>	<b>-</b>	<b>(282)</b>	<b>(3,010)</b>	<b>-</b>	<b>(463,346)</b>
<b>At 31 December 2025</b>	<b>41,000</b>	<b>30,808,415</b>	<b>6,730</b>	<b>11,092</b>	<b>1,387</b>	<b>2,785</b>	<b>27,845</b>	<b>7,731</b>	<b>30,906,985</b>
<b>Accumulated depreciation</b>									
<b>At 1 January 2025</b>	<b>22,386</b>	<b>9,048,230</b>	<b>5,239</b>	<b>5,889</b>	<b>1,250</b>	<b>2,954</b>	<b>14,781</b>	<b>5,649</b>	<b>9,106,378</b>
Charge for the year	<b>3,733</b>	<b>1,498,008</b>	<b>542</b>	<b>824</b>	<b>57</b>	<b>52</b>	<b>3,993</b>	<b>362</b>	<b>1,507,571</b>
Disposals	<b>(28)</b>	<b>(304,245)</b>	<b>(60)</b>	<b>(331)</b>	<b>-</b>	<b>(282)</b>	<b>(2,446)</b>	<b>-</b>	<b>(307,392)</b>
<b>At 31 December 2025</b>	<b>26,091</b>	<b>10,241,993</b>	<b>5,721</b>	<b>6,382</b>	<b>1,307</b>	<b>2,724</b>	<b>16,328</b>	<b>6,011</b>	<b>10,306,557</b>
Net book value:									
<b>At 31 December 2025</b>	<b>14,909</b>	<b>20,566,422</b>	<b>1,009</b>	<b>4,710</b>	<b>80</b>	<b>61</b>	<b>11,517</b>	<b>1,720</b>	<b>20,600,428</b>

\* During 2025, 12 vessels were received, and other projects were completed with total capitalized amount of SAR 5,354 million which was transferred from projects under construction (refer note 7).

During the year ended 31 December 2025 the Group disposed of assets with a net book value of SAR 156 million (31 December 2024: SAR 308 million), resulting in a gain on disposal of SAR 5.8 million (31 December 2024: SAR 216 million) (note 24).

- Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 10.1 billion at 31 December 2025, are pledged against certain long-term loans. Refer (note 16) for further details.
- Certain vessels of the Group under fleet and equipment with a carrying value of SAR 814 million at 31 December 2025, are subject to operating leases (Time charter agreements).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**6. PROPERTY AND EQUIPMENT (continued)**

31 December 2024	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 of SAR 3,837 million which was transferred from projects under construction (refer note 7).

- Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 5.7 billion at 31 December 2024, are pledged against certain long-term loans. Refer (note 16) for further details.
- Certain vessels of the Group under fleet and equipment with a carrying value of SAR 872 million at 31 December 2024, are subject to operating leases (Time charter agreements).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**7. PROJECTS UNDER CONSTRUCTION**

The movement in projects under construction is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	2,291,663	905,035
Additions	3,948,938	5,223,356
Transferred to property and equipment (note 6)	<u>(5,353,937)</u>	<u>(3,836,728)</u>
Ending balance	<u><u>886,664</u></u>	<u><u>2,291,663</u></u>

On 19 August 2024, the Company entered into an agreement to acquire nine second-hand Very Large Crude Carriers (VLCCs) from Capital Maritime & Trading Corporation for a total consideration of approximately SAR 3.75 billion (USD 1 billion). All nine VLCCs have been delivered and capitalized during the year.

Projects under construction include SAR 23 million of borrowing costs capitalized during the year (31 December 2024: SAR 85 million).

**8. INTANGIBLE ASSETS**

Intangible assets significantly represent long-term transportation contracts, which resulted from purchasing the operations and assets of Vela Company (a subsidiary of ARAMCO) in 2014. The value of those intangible assets is amortized over the estimated total average remaining useful life of the purchased vessels. As at 31 December 2025, the carrying value of such contract amounted to SAR 222 million (2024: SAR 263 million).

	<u>2025</u>	<u>2024</u>
<b>Cost</b>		
Opening balance	732,985	724,172
Additions	7,722	9,195
Derecognition	-	(382)
Ending balance	<u>740,707</u>	<u>732,985</u>
<b>Accumulated amortization</b>		
Opening balance	449,780	399,635
Charge for the year	47,799	50,345
Derecognition	-	(200)
Ending balance	<u>497,579</u>	<u>449,780</u>
<b>Net book value</b>	<u><u>243,128</u></u>	<u><u>283,205</u></u>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**9. EQUITY ACCOUNTED INVESTEEES**

The balance of equity accounted investees as at 31 December contains investments in the following companies:

	Note	<u>2025</u>	<u>2024</u>
Petredec' group limited	9.1	2,475,425	2,138,202
National Grain Company ("NGC")	9.3	-	36,941
		<u>2,475,425</u>	<u>2,175,143</u>

**Liabilities associated with equity accounted investees**

	Note	<u>2025</u>	<u>2024</u>
International Maritime Industries Company ("IMI")	9.2 & 19	128,124	122,966

The share of results of equity accounted investees is as follows:

	Note	<u>2025</u>	<u>2024</u>
Share of profit in Petredec group limited	9.1	607,014	619,340
Share of loss in IMI	9.2	(3,648)	(170,005)
Share of loss in NGC	9.3	(36,941)	(16,772)
		<u>566,425</u>	<u>432,563</u>

**9.1. Petredec group limited**

The movement of investment in Petredec group limited is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	2,138,202	1,731,033
Share of profit	607,014	619,340
Share of other comprehensive (loss)/ income	(44,341)	13,279
Dividends received	(225,450)	(225,450)
Ending balance	<u>2,475,425</u>	<u>2,138,202</u>

The table reconciles the summarized financial information to the carrying amount of the Group's interest in Petredec' group limited as at 31 October:

	<u>31 October 2025</u>	<u>31 October 2024</u>
Current assets	5,501,925	4,178,836
Non-current assets	6,981,906	7,669,089
Current liabilities	(2,974,966)	(2,631,373)
Non-current liabilities	(3,296,537)	(3,806,641)
Net assets before non-controlling interest	6,212,328	5,409,911
Non-controlling interest	(36,118)	(75,076)
<b>Net assets</b>	<u>6,176,210</u>	<u>5,334,835</u>
Group's share of net assets	2,475,425	2,138,202
<b>Carrying amount of investment in equity accounted investee</b>	<u>2,475,425</u>	<u>2,138,202</u>
Revenue	10,586,835	14,573,498
Profit before non-controlling interest	1,418,658	1,737,559
Non-controlling interest	(14,784)	(159,169)
<b>Total comprehensive income</b>	<u>1,403,874</u>	<u>1,578,390</u>
<b>Group's share of total comprehensive income</b>	<u>562,673</u>	<u>632,619</u>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**9. EQUITY ACCOUNTED INVESTEEES (continued)**

**9.2. International Maritime Industries Company (“IMI”)**

The movement of investment in IMI is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	(122,966)	49,214
Share of loss	(3,648)	(170,005)
Share of other comprehensive loss	(1,510)	(2,175)
Ending balance	<u>(128,124)</u>	<u>(122,966)</u>

The table reconciles the summarized financial information to the carrying amount of the Group’s interest in IMI as at 31 December:

	<u>2025</u>	<u>2024</u>
Current assets	827,520	594,323
Non-current assets	4,426,301	3,760,616
Current liabilities	(1,741,425)	(933,330)
Non-current liabilities	(4,506,694)	(3,617,183)
<b>Net assets</b>	<u>(994,298)</u>	<u>(195,574)</u>
Group’s share of net assets	(197,865)	(38,919)
Group's share of unrecognized loss	198,865	-
Reconciling adjustment	(129,124)	(84,047)
<b>Carrying amount of investment in equity accounted investee</b>	<u>(128,124)</u>	<u>(122,966)</u>
Revenue	461,963	84,653
<b>Total comprehensive loss for the year</b>	<u>(853,755)</u>	<u>(859,721)</u>
<b>Group’s share of total comprehensive loss</b>	<u>(5,158)</u>	<u>(172,182)</u>

**9.3. National Grain Company (“NGC”)**

The movement of investment in NGC is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	36,941	53,738
Share of loss	(36,941)	(16,772)
Share of other comprehensive loss	-	(25)
Ending balance	<u>-</u>	<u>36,941</u>

The table reconciles the summarized financial information to the carrying amount of the Group’s interest in NGC as at 31 December:

	<u>2025</u>	<u>2024</u>
Current assets	227,045	76,460
Non-current assets	538,322	530,369
Current liabilities	(381,457)	(142,830)
Non- current liabilities	(384,073)	(390,117)
<b>Net assets</b>	<u>(163)</u>	<u>73,882</u>
Group’s share of net assets	(82)	36,941
Group's share of unrecognized loss	82	-
<b>Carrying amount of investment in equity accounted investee</b>	<u>-</u>	<u>36,941</u>
Revenue	192,280	49,060
<b>Total comprehensive loss for the year</b>	<u>(73,882)</u>	<u>(33,594)</u>
<b>Group’s share of total comprehensive loss</b>	<u>(36,941)</u>	<u>(16,797)</u>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**10. OTHER NON-CURRENT FINANCIAL ASSETS**

The balance of other non-current financial assets is as follows:

	<u>2025</u>	<u>2024</u>
Equity securities at FVOCI	22,282	26,461
Derivatives	9,737	22,802
Investment in government bonds	96	83
	<u>32,115</u>	<u>49,346</u>

**11. INVENTORIES**

The balance of inventory, located on the vessels, is as follows:

	<u>2025</u>	<u>2024</u>
Fuel	369,288	407,496
Lubricant	61,757	52,615
Others	16,038	7,952
	<u>447,083</u>	<u>468,063</u>

**12. TRADE RECEIVABLES AND CONTRACT ASSETS**

Trade receivables and contract assets include the following items:

	<u>2025</u>	<u>2024</u>
Trade receivables	807,072	648,272
Due from related parties (note 27)	992,683	505,259
	<u>1,799,755</u>	<u>1,153,531</u>
Contract assets	401,327	302,675
	<u>2,201,082</u>	<u>1,456,206</u>
Less: Provision on trade receivables and contract assets (note a)	<u>(208,745)</u>	<u>(182,825)</u>
Trade receivables and contract assets, net	<u>1,992,337</u>	<u>1,273,381</u>

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

	<u>2025</u>	<u>2024</u>
Opening balance	182,825	163,626
Charge for the year	27,777	20,390
Write-off	(1,857)	(1,191)
Ending balance	<u>208,745</u>	<u>182,825</u>

Trade receivables balances from Government entities amounted to SAR 149 million as at 31 December 2025 (31 December 2024: SAR 182 million), 60% (31 December 2024: 44%) of these balances are outstanding for more than 12 months. These amounts represent 7% of the gross trade receivables (31 December 2024: 12%).

Please refer to note 28.4.1 for aging of trade receivables and contract assets.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**13. PREPAYMENTS AND OTHER CURRENT ASSETS**

The balance of prepayments and other current assets includes the following:

	<u>2025</u>	<u>2024</u>
Recoverable bunker cost	286,445	264,756
Advances to suppliers	202,071	239,625
VAT refundable	164,661	68,155
Prepaid expenses	57,784	50,476
Insurance claims	47,676	9,778
Accrued finance income	24,722	3,414
Refundable deposits	16,500	7,542
Employees advances	5,472	5,326
Others	69,843	32,762
	<u>875,174</u>	<u>681,834</u>

**14. 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:

	<u>2025</u>	<u>2024</u>
Bank balances and cash	868,871	889,711
Murabaha and short-term deposits (note 14.1)	214,000	931,789
	<u>1,082,871</u>	<u>1,821,500</u>

**14.1 Murabaha and Short-Term Deposits**

Murabaha and short-term deposits comprise of the following:

	<u>2025</u>	<u>2024</u>
Murabaha and short - term deposits in Saudi Riyals	214,000	145,414
Murabaha and short - term deposits in USD	-	786,375
	<u>214,000</u>	<u>931,789</u>

Murabaha and short-term deposits yield finance income at prevailing market rates and maturity date of less than three months.

**14.2 Short Term deposits**

	<u>2025</u>	<u>2024</u>
Short term deposits	1,825,400	-

The Group invests part of its excess cash in Term deposits that have maturity of more than three months but less than a year with local banks.

The finance income on Murabaha and short-term deposits during the year amounted to SAR 67 million (31 December 2024: SAR 86.1 million).

**15. SHARE CAPITAL**

The Company's share capital amounting to SAR 9,228,515,620 as at 31 December 2025 is divided into 922,851,562 shares (31 December 2024: SAR 7,382,812,500 divided into 738,218,250 shares) with a par value of SAR 10 each.

On 4 Muharram 1447H (corresponding to 29 June 2025), the Company's shareholders approved a resolution at the Extraordinary General Assembly to increase the share capital from SAR 7,382,812 thousand to SAR 9,228,515 thousand by granting one bonus share for every four shares owned. The increase of SAR 1,845,703 thousand was effected through a transfer from "retained earnings" to "share capital". This transaction did not result in any change to the total equity of the Company.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

16. LOANS AND BORROWINGS	Note	2025	2024
Sukuk	16.1	3,900,000	3,900,000
Murabaha loans	16.2	7,811,139	4,869,569
<b>Total loans and borrowings</b>		<b>11,711,139</b>	<b>8,769,569</b>
Less: Total current portion		<b>(1,028,571)</b>	<b>(459,585)</b>
<b>Non-current loan and borrowings</b>		<b>10,682,568</b>	<b>8,309,984</b>
Less: prepaid financing		<b>(11,299)</b>	<b>(21,500)</b>
<b>Net non-current loans and borrowings</b>		<b>10,671,269</b>	<b>8,288,484</b>
Current portion of long-term loans		<b>1,028,571</b>	459,585
<b>Loans and borrowings - current liabilities</b>		<b>1,028,571</b>	459,585
<b>Loans and borrowings - non-current liabilities</b>		<b>10,671,269</b>	8,288,484
		<b>11,699,840</b>	<b>8,748,069</b>

#### 16.1 Sukuk

On 6 Thul-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 23 Safar 1451H (corresponding to 5 July 2029). The balance in the prepaid financing account related to Sukuk as at 31 December 2025 is SAR 4.1 million (31 December 2024: SAR 5.2 million).

#### 16.2 Murabaha borrowings

The Group obtained Murabaha long term loans during the year ended 31 December 2025 for a total of SAR 4,944 million (31 December 2024: SAR 2,527 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 2,002 million was made during the year ended 31 December 2025 (31 December 2024: SAR 1,460 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 2025 is SAR 5,885 million (31 December 2024: 1,919 million) and the balance of loans against which profit is to be paid based on SIBOR as at 31 December 2025 totaled to SAR 1,927 million (31 December 2024: SAR 2,950 million). The balance in the prepaid financing account related to Murabaha loans as at 31 December 2025 is SAR 7.2 million (31 December 2024: SAR 16.3 million).

#### 16.3 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 2025, the Group was in compliance with all applicable loan covenants.

#### 17. EMPLOYEES' END OF SERVICE BENEFITS

The Group has a post-employment defined benefit plan for its own employees. The benefits are required by Saudi Arabia labor law. The benefits are recognized at the present value of future obligations using the projected unit credit method.

	2025	2024
<b>Opening balance</b>	<b>131,579</b>	100,325
Current service cost	<b>15,076</b>	33,139
Interest cost	<b>6,792</b>	4,571
Total cost charged to profit or loss for the year	<b>21,868</b>	37,710
Benefits paid	<b>(10,259)</b>	(5,939)
Re-measurement gain on defined benefit plan	<b>(1,416)</b>	(517)
<b>Ending balance</b>	<b>141,772</b>	131,579

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**17. EMPLOYEES' END OF SERVICE BENEFITS (continued)**

The significant assumptions used in determining employees' end of service benefit for the Group's plan are shown below:

	<u>2025</u>	<u>2024</u>
Discount rate	5.10%	5.45%
Withdrawal rate – for the first two years of service	13.00% - 17.00%	20.00%
Withdrawal rate – third year of service and after	13.00% - 15.00%	9% - 18%
Future salaries increase - for the first three years	4.00% - 7.60%	8.10%
Future salaries increase - fourth year and after	4.00% - 7.60%	8.10%

A quantitative sensitivity analysis for significant assumptions on the defined benefit plan is shown below:

	<u>2025</u>	<u>2024</u>
<b>Discount rate</b>		
0.5 % increase	(5,186)	(4,872)
0.5% decrease	5,462	5,284
<b>Withdrawal rate</b>		
10% increase	(2,409)	(2,042)
10% decrease	2,577	2,316
<b>Future salary increases</b>		
1% increase	11,905	11,382
1% decrease	(10,672)	(10,043)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit plans as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analysis may not be representative of an actual change in the defined benefit plans as it is unlikely that changes in assumptions would occur in isolation from one another.

**18. LEASES AND RIGHT OF USE ASSETS**

**Leases in which the Group is a lessee**

Information about leases for which the Group is a lessee is presented below:

**i. Right of use assets**

	<u>2025</u>	<u>2024</u>
Balance at 1 January	948,623	661,384
Additions	19,401	739,402
Terminations	(59,019)	-
Depreciation charge for the year	(385,887)	(452,163)
<b>Balance at 31 December</b>	<b>523,118</b>	<b>948,623</b>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**18. LEASES AND RIGHT OF USE ASSETS (continued)**

**ii. Lease liabilities**

	<u>2025</u>	<u>2024</u>
Balance at 1 January	976,532	686,868
Additions	19,401	739,402
Lease interest	42,769	62,938
Payment	(439,571)	(518,217)
(Terminations)/ modifications	(53,976)	5,541
<b>Balance at 31 December</b>	<b>545,155</b>	<b>976,532</b>
Non-current	335,185	540,215
Current	209,970	436,317
	<b>545,155</b>	<b>976,532</b>

**iii. Amounts recognized in consolidated statement of profit or loss**

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities (note 25)	42,769	62,938
Expenses relating to short-term leases (note 23)	6,566	4,382

**19. TRADE AND OTHER PAYABLES**

	<u>2025</u>	<u>2024</u>
Accrued expenses	890,081	646,286
Trade payables	408,700	409,671
Due to related parties (note 27)	355,897	387,057
Accrued finance cost	212,135	215,323
Liabilities associated with equity accounted investees (note 9.2)	128,124	122,966
Dividends payable	65,305	65,592
Others	78,632	92,019
	<b>2,138,874</b>	<b>1,938,914</b>

**20. ZAKAT AND INCOME TAX**

The Company's zakat is based on the financial statements of the Company and its wholly owned subsidiaries (excluding Bahri Logistics Company, which submit its zakat return separately), in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Partially owned subsidiaries submit their zakat and tax returns separately.

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

	<u>2025</u>	<u>2024</u>
Opening balance	225,674	250,989
Charge for the year	92,166	115,180
Payments during the year	(123,857)	(140,495)
Ending balance	<b>193,983</b>	<b>225,674</b>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

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**20. ZAKAT AND INCOME TAX (continued)**

**Zakat and tax status of the Parent and its wholly owned subsidiaries**

The Company has filed its zakat returns up to 2024 and obtained the zakat certificate for the year 2024.

ZATCA has issued a zakat assessment for the year 2023, claiming an additional zakat of SAR 14.8 million. The Company has settled the claimed amount and closed the case.

The company has settled and concluded its zakat and tax position with the ZATCA up to the year ended 2023.

The Company did not receive the zakat assessments for the year 2024 from ZATCA. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

**Zakat and tax status for the National Chemical Carriers Company (“NCC”)**

NCC has filed its zakat returns up to 2024 and obtained the zakat certificate for the year 2024.

NCC has settled and concluded its zakat position with the ZATCA up to the year ended 2018.

NCC did not receive the zakat assessments for the years 2019 to 2024 from ZATCA. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

**Zakat and tax status for Bahri Dry Bulk (“BDB”)**

BDB submitted its zakat returns up to 2024 and obtained the zakat certificate for the year 2024.

ZATCA has issued a zakat assessment for the years from 2015 to 2016 claiming additional liability of SAR 4.7 million. BDB has submitted an appeal against the assessments, which have been further escalated to GSTC. BDB suspended the case before ACTVDR and initiated an internal settlement with ZATCA. The settlement issued its decision on the request, accepting it partially and reducing the claim to SAR 2.3 million. The subsidiary company settled the claimed amount and closed the case.

ZATCA has issued a zakat assessment for the years from 2017 to 2018 claiming additional liability of SAR 6.9 million. The Company has submitted an appeal against the assessment before ZATCA and escalated it to the General Secretariat of Tax Committees. The Appellate Committee for Tax Violations and Disputes Resolution has issued its decision with partial acceptance which reduced the claim to SAR 2.7 million. The Company settled the claimed amount and closed the case.

BDB has finalized the zakat status for the year 2020 with ZATCA.

BDB did not receive a zakat assessment for the year 2019 and the years 2021 to 2024 from ZATCA. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

**Zakat and tax status for Bahri Logistics Company (“BLC”)**

BLC submitted its zakat returns up to 2024 and obtained the zakat certificate for the year 2024.

BLC has settled and concluded its zakat and tax position with ZATCA up to the year ended 2018.

BLC did not receive a zakat assessment for the years 2019 to 2024 from ZATCA. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**21. REVENUE**

	<u>2025</u>	<u>2024</u>
Spot	7,762,572	6,581,626
Charter hire	1,567,061	2,013,004
Freight forwarding	559,585	483,388
Time charter (note 29)	341,830	338,749
Water desalination	94,721	42,188
Others	20,952	23,432
	<u>10,346,721</u>	<u>9,482,387</u>

**22. OPERATING COSTS**

	<u>2025</u>	<u>2024</u>
Fuel & lubricants	1,935,126	1,948,529
Depreciation and amortization	1,922,027	1,656,265
Ship running expenses	944,520	1,170,258
Employees' salaries and benefits	893,857	807,147
Ports and agencies charges	844,826	741,078
Freight forwarding expenses	340,038	277,669
Repairs and maintenance	198,411	194,951
Desalination cost	39,327	21,596
Others	432,000	301,759
	<u>7,550,132</u>	<u>7,119,252</u>

**23. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2025</u>	<u>2024</u>
Employees' salaries and benefits	237,232	195,556
Marketing and communication	61,741	27,818
Maintenance	28,306	21,838
Professional, legal and consultation fees (refer note 23.1)	24,454	51,752
Depreciation and amortization	19,230	13,999
Rent	6,566	4,382
Others	74,273	5,822
	<u>451,802</u>	<u>321,167</u>

**23.1** Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiaries for the year ended 31 December 2025 amounted to SR 2.4 million (2024: SR 2.2 million). Auditors' remuneration for the review of the Group's consolidated financial statements during the year ended 31 December 2025 amounted to SR 540 thousand (2024: SR 460 thousand). Fee for other statutory and related services provided by the auditors to the Group amounted to SR 232 thousand (2024: SR 172 thousand).

**24. OTHER INCOME**

	<u>2025</u>	<u>2024</u>
Recovered claims	67,436	15,283
Gains on disposal of property and equipment	5,814	215,924
Others	34,160	13,984
	<u>107,410</u>	<u>245,191</u>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**25. FINANCE COSTS**

	<u>2025</u>	<u>2024</u>
Murabaha financings	385,532	237,685
Sukuk	269,771	285,305
Lease interest	42,769	62,938
Derivatives revaluation	9,657	35,721
	<u>707,729</u>	<u>621,649</u>

**26. EARNINGS PER SHARE**

	<u>2025</u>	<u>2024</u>
Profit for the year attributable to equity holders of the Parent Company	2,431,341	2,169,392
Weighted average number of ordinary shares outstanding during the year	922,852	922,852
Earnings per share - Basic and Diluted (Saudi Riyals)	2.63	2.35

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 calculation of the basic and diluted earnings per share for the year ended 31 December 2025 and 31 December 2024 was restated retrospectively based on the number of shares issued after the increase of the company's capital shares to 922,852 thousand shares (note 1).

**27. 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/majorly owned by the Government of the Kingdom of Saudi Arabia. PIF and Aramco exercises significant influence over the Group. Transactions and balances with related parties and government related entities are listed below:

**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	<u>2025</u>	<u>2024</u>
ARAMCO and its subsidiaries – shareholder	Revenue	4,727,083	4,238,859
ARAMCO and its subsidiaries – shareholder	Bunker purchase	738,016	789,794
Al-Inma Bank – affiliate	Loan drawdown	1,696,538	1,729,088
Al-Inma Bank – affiliate	Loan repayment	336,772	91,060
SABIC and its subsidiaries – government related entities	Revenue	101,455	319,730
International Maritime Industries (“IMI”) - associate	Revenue	14,277	8,163

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**27. RELATED PARTIES (continued)**

**Related party balances included in trade receivables and contract assets (note 12) is as follows:**

	<u>2025</u>	<u>2024</u>
ARAMCO and its subsidiaries	976,608	495,237
International Maritime Industries (“IMI”)	9,839	4,063
SABIC and its subsidiaries	6,236	5,959
	<u>992,683</u>	<u>505,259</u>

**Long-term loan and payable due to related parties are as follows:**

	<u>2025</u>	<u>2024</u>
Al-Inma Bank – Long term loan	3,583,544	2,223,778
ARAMCO and its subsidiaries (note 19)	355,897	387,057

**Compensation of key management personnel:**

	<u>2025</u>	<u>2024</u>
Salaries and compensations – short term employee benefits	45,375	33,074
End of service award– post-employment benefits	5,611	4,252
Total compensation	<u>50,986</u>	<u>37,326</u>

The Board of Directors remuneration for the year ended 31 December 2025 amounted to SAR 14.4 million (2024: SAR 9.5 million).

**Trade transactions and related parties’ balances with government and government related entities**

Revenues related to transactions with government and government related entities for the year ended 31 December 2025 amounted to SAR 667 million (2024: SAR 399 million), in addition to the amounts disclosed in above note.

As at 31 December 2025, accounts receivable from government and government entities totaled SAR 321 million (2024: SR 185 million).

**28. FINANCIAL INSTRUMENTS**

**28.1. Financial Assets**

	Note	<u>2025</u>	<u>2024</u>
<b>Financial assets at fair value</b>			
<b>Derivatives not designated as hedging instruments:</b>			
CAP commission options	10	9,737	22,802
<b>Financial assets at fair value through OCI</b>			
Quoted equity shares	10	22,282	26,461
<b>Total financial assets at fair value</b>		<u>32,019</u>	<u>49,263</u>
<b>Financial assets at amortized cost</b>			
Other non-current financial assets	10	96	83
Trade receivables and contract assets	12	1,992,337	1,273,381
Other current financial assets		350,621	282,076
Short term deposits	14	1,825,400	-
Cash and cash equivalents	14	214,000	931,789
<b>Total financial assets at amortized cost</b>		<u>4,382,454</u>	<u>2,487,329</u>
<b>Total financial assets</b>		<u>4,414,473</u>	<u>2,536,592</u>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

28. FINANCIAL INSTRUMENTS (continued)

28.2. Financial Liabilities

	Note	2025	2024
<b>Financial liabilities at fair value</b>			
Other liabilities		26,324	2,943
<b>Financial liabilities at amortized cost</b>			
Loans and borrowings	16	11,699,840	8,748,069
Trade and other payables		1,170,163	1,298,373
Lease liabilities	18	545,155	976,532
<b>Total financial liabilities at amortized cost</b>		<b>13,415,158</b>	<b>11,022,974</b>
<b>Total financial liabilities</b>		<b>13,441,482</b>	<b>11,025,917</b>

28.3. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in an arm's length transaction. Financial instruments are comprised of financial assets and financial liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has derivative financial instruments consisting of commission rate options agreements to hedge against fluctuations in commission rates. The gain or loss from revaluation of these agreements is recognized in the consolidated statement of profit or loss (note 25).

The fair value hierarchy is as follows:

	2025			
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
<b>FVOCI – equity instrument:</b>				
Quoted equity shares	22,282	-	-	22,282
<b>Financial instruments measured at FVTPL</b>				
CAP commission option				
Assets	-	9,737	-	9,737
Liabilities	-	-	-	-

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**28. FINANCIAL INSTRUMENTS (continued)**

**28.3 Fair values of financial instruments (continued)**

	2024			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	26,461	-	-	26,461
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	22,802	-	22,802
Liabilities	-	2,943	-	2,943

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 a 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 are approximate to their carrying values.

**28.4. Financial Risk Management**

The Group's activities expose it to a variety of financial risks, including market risk (comprised of currency risk, price risk and commission rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The financial instruments in the consolidated statement of financial position are comprised primarily of cash and cash equivalents, other non-current financial assets, trade receivables and contract assets, loans and borrowings, trade and other payables, lease liabilities, derivative financial instruments.

Senior management monitors the financial risk management department. The most important types of risk are summarized below:

**28.4.1. Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from governments, semi-government and commercial customers.

Loss rates are calculated using a roll rate method based on the probability of receivable progress through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - governments, semi-government and commercial.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**28. FINANCIAL INSTRUMENTS (continued)**

**28.4. Financial Risk Management (continued)**

**28.4.1. Credit risk (continued)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2025 and 2024:

	Weighted average loss rate		Gross carrying amount		Impairment allowance	
	2025	2024	2025	2024	2025	2024
Less than 6 months*	1%	2%	1,920,571	1,249,581	24,406	25,876
From 6 months to 12 months	27%	24%	105,639	50,650	28,851	10,332
More than 12 months	89%	90%	174,872	155,975	155,488	146,617
<b>Total</b>			<b>2,201,082</b>	<b>1,456,206</b>	<b>208,745</b>	<b>182,825</b>

\* This includes amount not yet due and amount due between 0 to 90 days amounting to SAR 1,486 million and SAR 321 million respectively (2024: SAR 863 million and SAR 286 million respectively).

As at 31 December 2025, the Group had trade receivable and contract assets from 3 major customers (related parties) that owed approximately 45% (2024: 35%) of the Group's total gross trade receivables and contract assets balances.

**Cash and cash equivalents**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. Limits are designed to minimize risk concentration and decrease financial loss through the inability of the counterparty to make the payments.

Cash balances, Murabaha and short - term deposits and derivative financial instruments are held with banks which are considered as Investment grade financial institutions (BBB and above rating).

**28.4.2. Liquidity risk**

Liquidity risk represents the Group's difficulties in providing funds to meet commitments associated with financial instruments. The Group's liquidity risk management policy is to ensure that sufficient liquidity and financing are available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Group's reputation. Accordingly, the Group ensures that sufficient bank facilities are always available.

As at 31 December 2025, the Group had unutilized credit facilities of SAR 3,490 million (2024: SAR 2,732 million) to meet liquidity requirements.

The amounts in the table below represent contractual undiscounted cash flows:

	Carrying amount	Total	2025			
			Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	7,799,840	10,695,383	225,258	1,259,114	5,152,599	4,058,412
Sukuk	3,900,000	4,858,693	2,994	135,459	4,720,240	-
Lease liabilities	545,155	612,544	66,092	173,367	325,189	47,896
Trade and other payables	1,170,163	1,170,163	345,535	824,628	-	-
Derivative financial instrument	-	-	-	-	-	-
	<b>13,415,158</b>	<b>17,336,783</b>	<b>639,879</b>	<b>2,392,568</b>	<b>10,198,028</b>	<b>4,106,308</b>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**28. FINANCIAL INSTRUMENTS (continued)**

**28.4. Financial Risk Management (continued)**

**28.4.2. Liquidity risk (continued)**

	2024					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	4,848,069	6,354,387	151,304	526,824	2,722,480	2,953,779
Sukuk	3,900,000	5,179,866	3,110	141,516	5,035,240	-
Lease liabilities	976,532	1,082,627	127,427	361,206	555,361	38,633
Trade and other payables	1,298,373	1,298,373	215,762	1,082,611	-	-
Derivative financial instrument	2,943	2,943	-	-	2,943	-
	<u>11,025,917</u>	<u>13,918,196</u>	<u>497,603</u>	<u>2,112,157</u>	<u>8,316,024</u>	<u>2,992,412</u>

**28.4.3. Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: currency risk, commission rate risk and price risk.

**Currency risk**

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried in Saudi Riyal, United States Dollar, and United Arab Emirates Dirham. The Group's management believes that currency risk is not significant since the exchange rate of Saudi Riyal is pegged against those currencies.

**Commission rate risk**

Commission rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market commission rates. The Group is subject to commission rate risk on its commission rate bearing assets and liabilities, including bank deposits and loans. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. The Group had executed CAP commission options to hedge the fluctuation in the commission rates.

**Sensitivity analysis for variable rate financial instruments**

The following table demonstrates the sensitivity of income to reasonably possible changes in commission rate on Sukuk and long-term borrowings, with all variables held constant.

	2025	2024
<b>Profit rate</b>		
Increase by 100 base points	117,111	87,696
Decrease by 100 base points	(117,111)	(87,696)

**Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are due to factors related to the instrument or its source, or which affect all instruments traded in the market. The Group diversifies its investment portfolio to manage price risk arising from its equity investments.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**28. FINANCIAL INSTRUMENTS (continued)**

**28.4. Financial Risk Management (continued)**

**28.4.4. Capital management**

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt ratio, which is net debt divided by total capital plus net debt. The Group includes net debt, Sukuk and long-term borrowings, lease liabilities, less cash and short-term deposits.

	<b>2025</b>	2024
Loans and borrowings (note 16)	<b>11,699,840</b>	8,748,069
Lease liabilities (note 18)	<b>545,155</b>	976,532
Less: Cash, cash equivalents and short term deposits (note 14)	<b>(2,908,271)</b>	(1,821,500)
<b>Net Debt</b>	<b>9,336,724</b>	7,903,101
Total equity	<b>16,237,795</b>	14,585,222
<b>Total capital</b>	<b>16,237,795</b>	14,585,222
<b>Capital and net debt</b>	<b>25,574,519</b>	22,488,323
Gearing ratio	<b>37%</b>	35%

**29. CAPITAL COMMITMENTS AND CONTINGENCIES**

**Capital commitments**

The Group's capital commitment related to ships under construction and the purchase of property and equipment was SAR 915 million as of 31 December 2025 (2024: SAR 3 billion).

**Contingencies**

The Group has outstanding bank letters of guarantee for SAR 363 million as at 31 December 2025 (2024: SAR 345 million) issued for the Group's normal course of business.

The Group is involved in legal litigation claims in the ordinary course of business, and there are some claims which are under the process of final settlement. The Group's management does not expect that these claims will have a material adverse effect on the Group's consolidated financial statements.

**Operating lease– Group as a lessor**

The Group, as a lessor, leases certain vessels to a related party based on time charter agreements (note 1).

The future amounts receivable under this lease agreement are as follows:

	<b>2025</b>	2024
Within one year	<b>212,098</b>	343,543
After one year but not more than five years	<b>467,645</b>	140,474
More than 5 years	<b>136,373</b>	-
	<b>816,116</b>	484,017

Income from time charter agreements under operating leases amounted to SAR 342 million for the year ended 31 December 2025 (2024: SAR 339 million) (note 21).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**30. DIVIDENDS**

The Board of Directors in their meeting held on 18 March 2025, recommended to the General Assembly to distribute cash dividends of SAR 738 million amounting to SAR 1 per share. The General Assembly had approved the recommendation in its meeting held on 29 June 2025. These dividends were paid on 17 July 2025.

The Board of Directors decided in its meeting held on 18 March 2024, recommended 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 approved the recommendation in its meeting held on 4 June 2024. These dividends were paid on 1 July 2024.

On 11 March 2025, the Board of Directors of the National Chemical Carriers Company (a subsidiary) recommended to the General Assembly the distribution of cash dividends totaling SAR 600 million, comprising SAR 480 million to The National Shipping Company of Saudi Arabia (the parent company) and SAR 120 million to the non-controlling interests. This recommendation was approved by the General Assembly in its meeting held on 5 May 2025, and the dividends were paid on 28 May 2025. During 2024, cash dividends totaling SAR 300 million were distributed, of which SAR 240 million were paid to The National Shipping Company of Saudi Arabia (the Parent company), and SAR 60 million to the non-controlling interests.

**31. NON-CONTROLLING INTERESTS**

Set out below is summarized financial information for each subsidiary that has non-controlling interests, shown in note 1:

<b>2025</b>	<b>National Chemical Carrier Company Limited</b>	<b>Bahri Dry Bulk</b>	<b>Total</b>
Non-controlling interest percentage	20%	40%	
Non-current assets	3,889,076	1,304,781	5,193,857
Current assets	9,216,862	2,087,151	11,304,013
Non-current liabilities	(1,628,080)	(646,365)	(2,274,445)
Current liabilities	(7,951,282)	(2,087,515)	(10,038,797)
Net assets	<u>3,526,576</u>	<u>658,052</u>	<u>4,184,628</u>
Net assets attributable to non-controlling interests	<u>705,315</u>	<u>263,221</u>	<u>968,536</u>
Revenue	2,856,471	402,689	3,259,160
Profit for the year	603,085	18,776	621,861
Profit attributable to non-controlling interests	<u>120,617</u>	<u>7,511</u>	<u>128,128</u>
Cash flows from/ (used in) operating activities	1,300,504	(1,744)	1,298,760
Cash flows used in investing activities	(1,199,498)	(36,775)	(1,236,273)
Cash flows (used in)/ from financing activities	(568,191)	74,763	(493,428)
Net increase/ (decrease) in cash and cash equivalents	<u>(467,185)</u>	<u>36,244</u>	<u>(430,941)</u>

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the consolidated financial statements – continued  
For the year ended 31 December 2025  
(All amount in thousands of Saudi Riyals unless otherwise stated)

**31. NON-CONTROLLING INTERESTS (continued)**

2024	National Chemical Carrier Company Limited	Bahri Dry Bulk	Total
Non-controlling interest percentage	20%	40%	
Non-current assets	4,578,470	1,341,024	5,919,494
Current assets	5,987,890	989,448	6,977,338
Non-current liabilities	(1,481,484)	(565,148)	(2,046,632)
Current liabilities	(5,565,673)	(1,124,904)	(6,690,577)
Net assets	3,519,203	640,420	4,159,623
Net assets attributable to non- controlling interests	703,840	256,168	960,008
Revenue	3,252,244	489,345	3,741,589
Profit for the year	1,052,141	14,953	1,067,094
Profit attributable to non-controlling interests	210,428	5,981	216,409
Cash flows from operating activities	1,688,711	49,702	1,738,413
Cash flows from/ (used in) investing activities	(613,107)	(282,587)	(895,694)
Cash flows used in financing activities	(798,075)	156,674	(641,401)
Net increase/ (decrease) in cash and cash equivalents	277,529	(76,211)	201,318

**32. SUBSEQUENT EVENTS**

Subsequent to the year end, the Board of Directors in their meeting held on 21 Ramadan 1447H (corresponding to 10 March 2026) recommended to the General Assembly to distribute cash dividends of SAR 923 million amounting to SAR 1 per share.

Other than mentioned above, no events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which require adjustment or disclosure in these consolidated financial statements.

**33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors has approved these consolidated financial statements for the year ended 31 December 2025 in their meeting held on 21 Ramadan 1447H (corresponding to 10 March 2026).