

GAS ARABIAN SERVICES COMPANY

(A Saudi Joint Stock Company)

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

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
GAS Arabian Services Company
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of GAS Arabian Services Company (the "Company") which comprise the statement of financial position as at December 31, 2025 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its 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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Independent Auditors' Report to the Shareholders of GAS Arabian Services Company (A Saudi Joint Stock Company) for the year ended December 31, 2025 (Continued)

Revenue recognition	
Refer to note 3.3 for the accounting policy and note 21 for related disclosures.	
Key audit matter	How the matter was addressed in our audit
<p>During the year ended December 31, 2025, the Company has recognized a total revenue amounted to ₪ 1,440 million.</p> <p>Management recognises revenue in either at a point in time or over time according to the principals of IFRS 15, Revenue from Contracts with Customers.</p> <p>We considered this as a key audit matter due to the presumed fraud risk related to revenue recognition and the risk that the management may record revenue before the satisfaction of the performance obligation. In addition, the Company's focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control has been transferred.</p>	<p>Our audit procedures on revenue recognition of the Company included the following:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of Company's revenue recognition and measurement policy in line with the requirements of IFRS-15 "Revenue from contracts with customers". - Assessed the design and implementation of relevant key controls over revenue cycle; - Obtained and tested, on a sample basis, the customer contracts for technical services which was recognized over time and re-calculated the revenue based on performance obligations completed. Compared our recalculation with calculation performed by management and assessed the revenue recognition per the contractual obligation and the adequacy of over time revenue recognition; - Traced the contract assets portion at year-end to the subsequent billing in future period; - Tested on sample basis revenue recorded at a point in time and traced these items to invoices, proof of delivery and other related documents; - Performed cut-off test to ensure that the revenue were recorded in the appropriate accounting period; - Assessed the adequacy of the disclosure in the financial statements.

Independent Auditors' Report to the Shareholders of GAS Arabian Services Company (A Saudi Joint Stock Company) for the year ended December 31, 2025 (Continued)

Allowance for expected credit losses	
Refer to note 3.13 for the accounting policy and note 12,13 for related disclosures.	
Key audit matter	How the matter was addressed in our audit
<p>At December 31, 2025, the Company's trade receivables and contract assets and retention receivables amounted to # 568.23 million, against which an allowance for expected credit losses of # 6.52 million is maintained.</p> <p>The Company assesses at each reporting date whether the trade receivables are impaired. Management applies an expected credit loss ("ECL") model to determine the appropriate allowance expected credit losses.</p> <p>The determination of allowance for expected credit losses is based on certain assumptions that relate mainly to risk of default and expected loss rates. The Company applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, market conditions, as well as forward looking estimates.</p> <p>We considered this as a key audit matter due to the level of judgement applied and estimates made in application of the ECL.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of the process used by the management in determining the allowance for expected credit losses; - Assessed the significant assumptions used in the ECL model's calculation such as; forward-looking factors and macro-economic variables and for certain customers categories determination that are used to determine the allowance for expected credit losses; - Tested the mathematical accuracy of the ECL model; - Involved our specialist in assessing the methodology applied by the management in the ECL model in accordance with the requirements of IFRS 9, tested the key assumptions used by management and assessed the reasonableness of the estimates used to record the allowance for expected credit losses; and - Assessed the adequacy and appropriateness of disclosures included in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Company, which is expected to be made available to us after the date of this auditor's report. Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditors' Report to the Shareholders of GAS Arabian Services Company (A Saudi Joint Stock Company) for the year ended December 31, 2025 (Continued)

Responsibilities of the Company's management and Those Charged with Governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Company's 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 Company'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 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 Company to cease to continue as a going concern.

Independent Auditors' Report to the Shareholders of GAS Arabian Services Company (A Saudi Joint Stock Company) for the year ended December 31, 2025 (Continued)

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

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 Dr. Mohamed Al-Amri & Co.



Ahmed Al Jumah
Certified Public Accountant
Registration No. 621



Dammam, on: 21 Ramadhan, 1447 (H)
Corresponding to: 10 March, 2026 (G)

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025
(Expressed in Saudi Riyals (ﷲ))

	<u>Notes</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
ASSETS			
Non-current assets			
Property and equipment	7	154,950,461	135,057,516
Right-of-use assets	8	7,734,515	6,117,456
Intangible assets	9	188,520	143,979
Investment in associates and joint ventures	10	201,026,259	113,611,697
Total non-current assets		363,899,755	254,930,648
Current assets			
Inventories	11	56,773,005	44,995,854
Trade receivables and contract assets	12	504,712,057	285,913,358
Prepayments and other receivables	13	123,950,015	79,794,405
Cash and cash equivalents	14	81,629,438	172,692,148
Total current assets		767,064,515	583,395,765
TOTAL ASSETS		1,130,964,270	838,326,413
EQUITY AND LIABILITIES			
Equity			
Share capital	15	158,000,000	158,000,000
Treasury shares		(3,279,789)	(3,279,789)
Other reserve		410,025	410,025
Retained earnings		327,490,297	249,333,805
Total equity		482,620,533	404,464,041
Liabilities			
Non-current liabilities			
Obligation against investment in joint ventures	10	12,548,397	11,639,186
Employees end of service benefits	16	41,338,701	33,735,813
Lease liabilities	17	4,471,756	3,391,849
Total non-current liabilities		58,358,854	48,766,848
Current liabilities			
Lease liabilities – current portion	17	2,069,622	1,853,816
Accounts payable	18	272,772,921	189,841,770
Accrued and other liabilities	19	204,191,972	113,221,691
Contract liabilities		106,045,529	74,643,243
Provision for Zakat	20	4,904,839	5,535,004
Total current liabilities		589,984,883	385,095,524
Total liabilities		648,343,737	433,862,372
TOTAL EQUITY AND LIABILITIES		1,130,964,270	838,326,413

The accompanying notes from 1 to 34 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Finance Manager

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in Saudi Riyals (ﷲ))

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Revenue	21	1,440,334,174	1,093,034,698
Cost of revenue	22	(1,214,110,874)	(920,626,253)
Gross profit		226,223,300	172,408,445
General and administrative expenses	23	(121,339,826)	(88,998,617)
Reversal / (allowance) for expected credit losses		1,474,530	(574,157)
Share in results of associates and joint ventures	10	42,638,687	27,927,406
Profit from operations		148,996,691	110,763,077
Other income	24	8,663,837	8,892,578
Finance costs	25	(2,134,978)	(1,030,088)
Profit before Zakat		155,525,550	118,625,567
Zakat	20	(4,736,719)	(4,669,830)
NET PROFIT FOR THE YEAR		150,788,831	113,955,737
Other comprehensive income/ (loss)			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Remeasurement (loss) / gain on employees' defined benefits	16	(4,870,720)	787,912
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		145,918,111	114,743,649
EARNINGS PER SHARE			
Basic earnings per share from net profit attributable to the shareholders of the Company	26	0.9569	0.7231
Diluted earnings per share from net profit attributable to the shareholders of the Company	26	0.9544	0.7212

The accompanying notes from 1 to 34 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Finance Manager

GAS ARABIAN SERVICES COMPANY

(A Saudi Joint Stock Company)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025**

(Expressed in Saudi Riyals (ﷲ))

	Share capital	Statutory reserve	Treasury shares	Other reserve	Retained earnings	Total
At January 01, 2024	158,000,000	36,867,936	(3,224,947)	410,025	168,637,211	360,690,225
Net profit for the year	-	-	-	-	113,955,737	113,955,737
Other comprehensive income	-	-	-	-	787,912	787,912
Total comprehensive income for the year	-	-	-	-	114,743,649	114,743,649
Transferred to retained earnings (note - 15)	-	(36,867,936)	-	-	36,867,936	-
Purchase of treasury shares	-	-	(54,842)	-	-	(54,842)
Dividends (note-31)	-	-	-	-	(70,914,991)	(70,914,991)
At December 31, 2024	158,000,000	-	(3,279,789)	410,025	249,333,805	404,464,041
Net profit for the year	-	-	-	-	150,788,831	150,788,831
Other comprehensive loss	-	-	-	-	(4,870,720)	(4,870,720)
Total comprehensive income for the year	-	-	-	-	145,918,111	145,918,111
Dividends (note- 31)	-	-	-	-	(67,761,619)	(67,761,619)
At December 31, 2025	158,000,000	-	(3,279,789)	410,025	327,490,297	482,620,533

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Finance Manager

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in Saudi Riyals (ﷲ))

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat		155,525,550	118,625,567
<i>Adjustments for:</i>			
Depreciation on property and equipment	7	37,432,566	11,513,014
Depreciation on right-of-use assets	8	2,442,503	1,643,517
Amortization of intangible assets	9	93,180	75,855
Share in results of associates and joint ventures	10	(42,638,687)	(27,927,406)
(Reversal)/allowance for expected credit losses		(1,474,530)	574,157
Provision for employees end of service benefits	16	9,137,630	6,638,593
Gain on disposal of property and equipment	24	(208,042)	(123,959)
Finance costs	25	2,134,978	1,030,088
		<u>162,445,148</u>	<u>112,049,426</u>
<i>Changes in:</i>			
Inventories	11	(11,777,151)	16,782,636
Trade receivables and contract assets	12	(217,309,152)	(99,911,061)
Prepayments and other receivables	13	(44,170,627)	(28,240,694)
Accounts payable	18	82,931,151	93,132,071
Accrued and other liabilities	19	90,970,281	64,202,438
Contract liabilities		31,402,286	44,369,795
Cash flows generated from operations		<u>94,491,936</u>	<u>202,384,611</u>
Finance costs paid		(1,552,078)	(612,484)
Zakat paid	20	(5,366,884)	(5,985,936)
Employees end of service benefits paid including advances	16	(6,405,462)	(2,643,556)
Net cash flows generated from operating activities		<u>81,167,512</u>	<u>193,142,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	7	(57,766,851)	(61,368,593)
Purchases of intangible assets	9	(137,721)	(74,623)
Proceeds from disposal of property and equipment		649,382	254,970
Dividends received from associates and joint ventures	10	22,626,600	25,753,860
Investment in associates and joint ventures	10	(66,493,264)	(2,350,000)
Net cash used in investing activities		<u>(101,121,854)</u>	<u>(37,784,386)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of treasury shares		-	(54,842)
Proceeds from short term loans		13,250,000	-
Repayments of short-term loans		(13,330,315)	-
Payments of lease liabilities	17	(3,266,434)	(2,755,656)
Dividends paid	31	(67,761,619)	(70,914,991)
Net cash used in financing activities		<u>(71,108,368)</u>	<u>(73,725,489)</u>
Net change in cash and cash equivalents		<u>(91,062,710)</u>	<u>81,632,760</u>
Cash and cash equivalents at beginning of the year		<u>172,692,148</u>	<u>91,059,388</u>
Cash and cash equivalents at end of the year	14	<u>81,629,438</u>	<u>172,692,148</u>

The accompanying notes from 1 to 34 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Finance Manager

GAS ARABIAN SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Saudi Riyals (ﷲ))

1 CORPORATE INFORMATION

Gas Arabian Services Company ("the Company") is a Saudi Joint Stock Company registered in Saudi Arabia under Commercial Registration No. 2050022617 dated Sha'ban 7, 1412H (corresponding to February 11, 1992) issued in the City of Dammam, Kingdom of Saudi Arabia. The Company's registered office is at King Saud Street, P.O. Box 3422, Dammam 31471, Kingdom of Saudi Arabia.

The Company is in the business of wholesale of machinery and equipment, electrical, electronic, mechanical, hydro-mechanical, petroleum, industrial equipment, drilling equipment, technical equipment, desalination equipment, generators and spare parts, providing operational, maintenance and technical engineering services, manufacturing of piping spools, structural steel fabrication, pressure reducing stations and other industry essential products.

During 2024, the Board of Directors of GAS Arabian Services Company approved the initiation of the process to transfer the Company's listing from the NOMU – Parallel Market to the Main Market (TASI – Tadawul All Share Index) of the Saudi Exchange (Tadawul). The transfer application was submitted through the Capital Market Authority's electronic platform on July 17, 2025, and was approved on September 16, 2025. Accordingly, on October 9, 2025, the Company's shares commenced trading on the Main Market of the Saudi Exchange.

The Company operates through the following branches:

Branches	CR No.
Gas Arabian Services Company – Jubail	2055004723
Gas Arabian Services Company – Dammam	2050099200
Gas Arabian Services Company – Yanbu	4700106468
Gas Arabian Services Company – Jubail	2055011867
Gas Arabian Services Company – Dammam	2050113651
Gas Arabian Services Company – Dammam	2050180839

2 BASIS OF PREPARATION AND BASIS OF MEASSUREMENT

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The financial statement has been prepared on the going concern basis.

2.2 Basis of measurement

These financial statements have been prepared on historical cost convention except for employees' benefits which are measured at projected unit credit method.

2.3 Functional and presentation currency

The financial statements are presented in Saudi Riyals (ﷲ), which is the functional currency of the Company. All amounts have been rounded to the nearest Saudi Riyals (ﷲ) unless otherwise stated.

3 MATERIAL ACCOUNTING POLICIES

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to sell or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or a 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in Saudi Riyals (ﷲ))

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Current versus non-current classification (Continued)

A liability is current when:

- It is expected to be settled in 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
- There is no unconditional right to defer settlement of liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue from contracts with customers

The Company is in the business of wholesale of machinery and equipment, electrical, electronic, mechanical, hydro-mechanical, petroleum, industrial equipment, drilling equipment, technical equipment, desalination equipment, generators and spare parts. Operational, Maintenance and technical engineering services. Manufacturing piping spools, structural steel fabrication, pressure reducing stations and other industry essential products.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

Technical services

Revenue from technical services is recognised at a point in time when the services are rendered to the customer.

In case of fixed price contracts, the Company recognises revenue from technical services over time because the customer simultaneously receives and consumes the benefits provided to them. The Company tracks the progress toward completion of the contract by measuring overall output to date relative to total estimated output needed to satisfy the performance obligation based on progress reports.

Sales commission

The Company acts as a sales representative for products sold by its principals. Commission is recognised at a point in time usually when the relevant terms and conditions are satisfied by the Company as per the agreement with its principals.

3.3.1 Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from technical services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets are reclassified to trade receivables. The Company contract assets include contract assets, retention receivable and advance to suppliers.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

GAS ARABIAN SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Saudi Riyals (ﷲ))

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer). The Company contract liabilities include advances from customers.

3.4 Expenses

General and administrative expenses include direct and indirect costs, not specifically part of cost of revenue. All other expenses, except for finance costs, depreciation and amortisation are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

3.5 Cash dividend distribution to equity holders

The Company recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per provisions of Companies' Law, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in statement of changes in equity.

3.6 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

3.7 Zakat and indirect tax

3.7.1 Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations and charged to the statement of profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

3.7.2 Value added tax (VAT)

Sales, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Property and equipment

Property and equipment are initially recorded and measured at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognise such parts as individual assets and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Depreciation is calculated from the date the item of property and equipment is available for its intended use or in respect of self-constructed assets, from the date such assets are completed and ready for the intended use. The cost of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	20 years
Machinery and equipment	2 to 5 years
Motor vehicles	5 to 8 years
Furniture, fixture and office equipment	4 to 5 years
Project facilities	2 to 4 years

the useful life of property and equipment are reviewed at the end of each year. If the estimated useful life is different from previously estimated, the carrying amount of the asset is depreciated over the remaining useful life after reassessment of the year in which the revision was made.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset is written down to their recoverable amount, being the higher of their fair value, less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

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

The cost of capital work in progress is calculated based on the actual cost and is shown as capital work in progress until they are completed and then transferred to the various items within the property and equipment, and then their depreciation begins.

3.9 The Employee Stock Ownership Plan (ESOP)

ESOP is an employee stock incentive plan that designates a specific number of shares in order to distribute them among the Company's employees who are in service. In order to fund the issuing of stock options to employees the Company made share buybacks over time and disclosed it as treasury shares. The Company maintains treasury shares to support this program. This employee stock incentive plan is divided into two main types namely, Company funded plans and employee share purchase plans. The Company will recognize a corresponding increase in equity when shares are transferred to employees.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Leases

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

Company as a lessee

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

Right-of-use assets

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

Leasehold land - 5 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section "Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

3.12 Investment in associates and joint arrangements

Associates

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

The considerations made in determining significant influence are like those necessary to determine control over subsidiaries. The Company's Investment in associates are accounted for using the equity method.

Joint arrangements

Under IFRS 11 Joint Arrangements, 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. The considerations made in determining whether joint control exists or not are like those necessary to determine control over subsidiaries.

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint ventures:

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Investment in associates and joint arrangements (Continued)

Joint operations:

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and liabilities of the joint operation.

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. After the share in the investee is reduced to zero, a liability is recognised only to the extent that there is an obligation to fund the investee's operations, or any payments have been made on behalf of the investee. Dividends received or receivable from associates and joint ventures are recognized as a reduction in 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.

The statement of profit or loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in the other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Company.

When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Apart from trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 3.3 Revenue from contracts with customers.

For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective of holding financial assets to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition (Continued)

Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- (i) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost

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

The Company's financial assets at amortised cost include trade receivables, contract assets, due from related parties, retention receivables and cash and cash equivalents.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to

pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition (Continued)

Financial assets (Continued)

Derecognition (Continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower level of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables and contract assets Note 12

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities measured at amortised cost, fair value through OCI, and fair value through profit or loss.

All financial liabilities are recognised initially when the Company becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings, contract liabilities and payables, the proceeds received net of directly attributable transaction costs.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition (Continued)

Financial liabilities (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial liabilities as:

Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.14 Impairment of non-financial assets

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Impairment of non-financial assets (Continued)

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Goods for resale: purchase cost on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand and other short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value

3.17 Short term investments

Short term investments include time deposits placements with banks with original maturities of more than three months but not more than one year from the date of placement. Time deposits are placed with financial institutions with investment grade ratings, which are considered to have low credit risk.

Interest income from time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

3.18 Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Employees' benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, airfare, child education allowance, that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position under accruals and other current liabilities.

Employees' defined contribution obligations

The Company has defined contribution plans with General Organisation for Social Insurance ("GOSI") where the Company contributes fixed percentage of the employee's salary towards the retirement of its employees, which qualifies as defined contribution plan. Contribution payable to the defined contribution plan is recognised as an expense in the statement of profit or loss.

The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through other comprehensive income in the period in which they arise.

3.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because 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.

When the Company expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as an asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.21 Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's relevant Business Heads' which in the Company's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's relevant Business Heads include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company's operating segments are analysed and aggregated based on the nature of activity.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in financial statements but disclosed when an inflow of economic benefits is probable.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Other disclosures relating to the Company's exposure to risks and uncertainties include:

- | | |
|--------------------------------------|-------------|
| - Sensitivity analysis disclosures | Note 16 |
| - Financial instruments by category | Note 29 |
| - Financial risk management policies | Note 30 |
| - Capital management | Note 30.1.3 |

4.1 Judgements

In the process of applying the Company' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(i) *Satisfaction of performance obligations*

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time to determine the appropriate method of recognising revenue. The Company has assessed that based on the agreements entered with the customers and the provisions of relevant laws and regulations, where contracts are entered into to undertake long term fixed price contracts with the customers, the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date. Further, the technical services provided under the contract are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Company. Based on this, the Company recognises revenue over time. Where this is not the case, revenue is recognized at a point in time.

The Company has elected to apply the output method in allocating the transaction price to performance obligation where revenue is recognized over time. The Company considers that the use of the output method, which requires revenue recognition based on the Company's output against the satisfaction of the performance obligation, provides the best reference of revenue earned. In applying the output method, the Company tracks the progress toward completion of the contract by measuring overall output to date relative to total estimated output needed to satisfy the performance obligation based on monthly progress reports.

(ii) *Determining the lease term of contracts with renewal and termination options – Company as lessee*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.1 Judgements (Continued)

(ii) Determining the lease term of contracts with renewal and termination options – Company as lessee (contd.)

The Company has the option to renew the lease term for some of its leases. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in a business strategy).

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent of the use of a specific asset or assets or the arrangement conveys the right to use the asset.

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Contract costs to complete estimates

The Company estimates the cost to complete the projects to determine the cost attributable to revenue being recognised. These estimates include, among other items, the construction costs, variation of orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete the project may affect the results of the subsequent periods.

(ii) Valuation of defined benefit obligations

The present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about employees' end of service benefits are provided in note 16.

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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.2 Estimates and assumptions (Continued)

(iii) *Provision for Zakat*

Provision for zakat and is determined by the Company in accordance with the requirements of the Zakat, Tax and Customs Authority ("ZATCA") and is subject to change based on final assessments received from the ZATCA. The Company recognizes liabilities for any anticipated Zakat based on management's best estimates of whether additional Zakat will be due. The outcome of any additional amount assessed by the ZATCA related to Zakat, VAT or excise tax is dependent on the eventual outcome of the appeal process which the Company is entitled to. Where the outcome of these matters is different from the amounts that were initially recorded, such differences could impact on the statement of profit or loss in the period in which such final determination is made.

(iv) *Provision for expected credit losses of trade receivables and contract assets*

The provision matrix is initially based on the Company's historically observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables and contract assets are disclosed in note 12.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The amendments to standards enlisted below is effective this year but they do not have a material effect on the Company's financial statements.

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 21	Lack of Exchangeability	January 1, 2025

6 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The Company has not early adopted the following new and revised IFRSs Accounting Standards and amendments that have been issued but are not yet effective.

Amendments to standards	Description	Effective for annual years beginning on or after
IFRS 9 and IFRS 7	Amendments - Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

The Company intends to adopt these new amendments, standards and interpretations, if applicable, when they become due. The management is assessing the impact of these standards on the Company's financial statements.

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7 PROPERTY AND EQUIPMENT

	Land	Buildings (note 7.1)	Furniture, fixture and office equipment	Motor vehicles	Machinery and equipment	Project facilities	Capital work in progress (note 7.2)	Total
Cost:								
At January 01, 2024	20,433,725	28,917,923	4,842,182	20,030,970	17,391,066	1,081,100	26,400,119	119,097,085
Additions	-	79,000	892,162	18,856,789	14,789,400	340,906	26,410,336	61,368,593
Disposals / write offs	-	-	-	(796,416)	(858,694)	-	-	(1,655,110)
Transfers	-	-	817,740	-	1,627,000	13,355,212	(15,799,952)	-
At December 31, 2024	<u>20,433,725</u>	<u>28,996,923</u>	<u>6,552,084</u>	<u>38,091,343</u>	<u>32,948,772</u>	<u>14,777,218</u>	<u>37,010,503</u>	<u>178,810,568</u>
Additions	-	3,033,738	1,075,361	20,929,426	11,095,614	2,223,951	19,408,761	57,766,851
Disposals / write offs	-	-	(98,250)	(2,284,142)	(467,580)	-	-	(2,849,972)
Transfers	-	-	-	-	1,555,000	27,594,875	(29,149,875)	-
At December 31, 2025	<u>20,433,725</u>	<u>32,030,661</u>	<u>7,529,195</u>	<u>56,736,627</u>	<u>45,131,806</u>	<u>44,596,044</u>	<u>27,269,389</u>	<u>233,727,447</u>
ACCUMULATED DEPRECIATION:								
At January 01, 2024	-	11,068,800	3,896,607	10,649,929	7,823,950	324,851	-	33,764,137
Charge for the year	-	2,440,722	493,864	2,024,095	3,138,719	3,415,614	-	11,513,014
Disposals / write offs	-	-	-	(692,812)	(831,287)	-	-	(1,524,099)
At December 31, 2024	-	<u>13,509,522</u>	<u>4,390,471</u>	<u>11,981,212</u>	<u>10,131,382</u>	<u>3,740,465</u>	-	<u>43,753,052</u>
Charge for the year	-	1,449,674	704,846	4,823,478	6,233,290	24,221,278	-	37,432,566
Disposals / write offs	-	-	(98,250)	(1,843,094)	(467,288)	-	-	(2,408,632)
At December 31, 2025	-	<u>14,959,196</u>	<u>4,997,067</u>	<u>14,961,596</u>	<u>15,897,384</u>	<u>27,961,743</u>	-	<u>78,776,986</u>
NET BOOK VALUE:								
At December 31, 2025	<u>20,433,725</u>	<u>17,071,465</u>	<u>2,532,128</u>	<u>41,775,031</u>	<u>29,234,422</u>	<u>16,634,301</u>	<u>27,269,389</u>	<u>154,950,461</u>
At December 31, 2024	<u>20,433,725</u>	<u>15,487,401</u>	<u>2,161,613</u>	<u>26,110,131</u>	<u>22,817,390</u>	<u>11,036,753</u>	<u>37,010,503</u>	<u>135,057,516</u>

7.1 Buildings have been constructed on land leased from Royal Commission for Jubail and Yanbu (“RCJY”) under a revised lease agreement with a standard rental arrangement for a ten-year term ending in 2034. The lease includes an option to renew upon expiry of the initial term.

7.2 Capital work in progress represents mainly the construction of GAS Tower and Project Site Facilities on the Company’s owned land. Management is expecting the construction works to be completed till the year 2027.

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8 RIGHT-OF-USE ASSETS

Right of use consist of leasehold land (leasehold land contract includes land, office building, workshop facility etc.) depreciated over 2 to 10 years:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cost:		
At January 01,	9,455,310	6,478,443
Retirements	(1,424,734)	(991,028)
Addition	4,059,562	3,967,895
At December 31	<u>12,090,138</u>	<u>9,455,310</u>
Accumulated depreciation:		
At January 01,	3,337,854	2,685,365
Retirements	(1,424,734)	(991,028)
Charge for the year	<u>2,442,503</u>	<u>1,643,517</u>
At December 31	<u>4,355,623</u>	<u>3,337,854</u>
Net carrying amount:		
At December 31	<u>7,734,515</u>	<u>6,117,456</u>

9 INTANGBILE ASSETS

December 31, 2025	<u>Software</u>
Cost:	
At the beginning of the year	1,081,787
Additions	137,721
At the end of the year	<u>1,219,508</u>
Accumulated amortization:	
At the beginning of the year	937,808
Charge for the year	93,180
At the end of the year	<u>1,030,988</u>
Net carrying amount:	
At December 31, 2025	<u>188,520</u>
December 31, 2024	<u>Software</u>
Cost:	
At the beginning of the year	1,007,164
Additions	74,623
At the end of the year	<u>1,081,787</u>
Accumulated amortization:	
At the beginning of the year	861,953
Charge for the year	75,855
At the end of the year	<u>937,808</u>
Net carrying amounts	
At December 31, 2024	<u>143,979</u>

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10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The table below outlines the Company's investment in associates and joint ventures:

<i>Name of associates and joint ventures</i>	<i>Ownership</i>		<i>Country of incorporation</i>	<i>Nature of activities</i>	<i>December 31,</i>	<i>December 31,</i>
	<i>2025</i>	<i>2024</i>			<i>2025</i>	<i>2024</i>
Yokogawa Services Saudi Arabia Company	33%	33%	Saudi Arabia	Providing industrial technical services	46,392,157	45,026,259
Elliott Gas Services Saudi Arabia Limited	45%	45%	Saudi Arabia	Providing industrial technical services	55,642,710	44,129,451
FS Elliott Services Saudi Arabia Limited	50%	50%	Saudi Arabia	Providing industrial technical services	11,962,340	10,542,909
Weidmular Saudi Arabia Factory	49%	49%	Saudi Arabia	Manufacturing of industrial electrical components	14,540,383	8,531,901
Gas Vector Saudi Arabia Company Limited	45%	45%	Saudi Arabia	Providing industrial technical services	4,918,644	3,586,321
TubeFit Engineering Arabian Factory LLC	47%	47%	Saudi Arabia	Manufacturing and assembling instrumentation	977,753	1,794,856
EagleBurgmann Saudi Arabia Company Limited (note 10.6)	12.9%	-	Saudi Arabia	Assembly, maintenance and repair services	49,294,336	-
TCR Arabia Company Limited (note 10.6)	40%	-	Saudi Arabia	Construction of refining and petrochemical plants	17,297,936	-
FS Elliott Saudi Arabia Limited	50%	50%	Saudi Arabia	Trading of industrial equipment	(9,622,415)	(8,756,028)
Elster Instromet Services Saudi Arabia Company Limited	40%	40%	Saudi Arabia	Providing industrial technical services	(2,925,982)	(2,883,158)
<i>Disclosed in the statement of financial position as follows:</i>						
Investments in associates and joint ventures under non-current assets					201,026,259	113,611,697
Obligation against investment in joint venture under non-current liabilities (note 10.1)					(12,548,397)	(11,639,186)

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10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Movement in the investment in associates and joint ventures is as follows:

	<i>Yokogawa Services Saudi Arabia Company</i>	<i>Elliott Gas Services Saudi Arabia Limited</i>	<i>Other associates and joint ventures</i>	<i>Total</i>
<i>December 31, 2025</i>				
At January 01	45,026,259	44,129,451	24,455,987	113,611,697
Share of results	12,179,998	23,325,759	8,042,141	43,547,898
Additional investment	-	-	66,493,264	66,493,264
Dividend received	(10,814,100)	(11,812,500)	-	(22,626,600)
At December 31	<u>46,392,157</u>	<u>55,642,710</u>	<u>98,991,392</u>	<u>201,026,259</u>
<i>December 31, 2024</i>				
At January 01	38,041,589	50,823,434	17,305,911	106,170,934
Share of results	14,176,030	11,868,517	4,800,076	30,844,623
Additional investment	-	-	2,350,000	2,350,000
Dividend received	(7,191,360)	(18,562,500)	-	(25,753,860)
At December 31	<u>45,026,259</u>	<u>44,129,451</u>	<u>24,455,987</u>	<u>113,611,697</u>

10.1 Movement in the obligation against investment in associates and joint ventures is as follows:

	December 31, 2025	December 31, 2024
At January 01	<u>11,639,186</u>	8,721,969
Share of obligation during the year	<u>909,211</u>	2,917,217
At December 31	<u>12,548,397</u>	<u>11,639,186</u>

10.2 Share of results in associates and joint ventures is as follows:

	2025	2024
Share of results during the year	<u>43,547,898</u>	30,844,623
Share of obligation during the year	<u>(909,211)</u>	(2,917,217)
At December 31	<u>42,638,687</u>	<u>27,927,406</u>

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10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

10.3 The table below provide summarised financial information of material associates and joint ventures of the Company. The information disclosed reflects the amounts presented in the available financial statements of the relevant investee and not Company's share of those amounts.

	<i>December 31, 2025</i>		<i>December 31, 2024</i>	
	<i>Yokogawa Services Saudi Arabia Company</i>	<i>Elliott Gas Services Saudi Arabia Limited</i>	<i>Yokogawa Services Saudi Arabia Company</i>	<i>Elliott Gas Services Saudi Arabia Limited</i>
Current assets	294,897,953	119,535,545	216,801,111	66,002,138
Non-current assets	3,516,518	30,276,055	2,832,642	30,754,093
Current liabilities	(174,367,319)	(53,321,021)	(96,953,378)	(20,821,245)
Non-current liabilities	(6,391,463)	(2,039,727)	(6,162,966)	(1,840,937)
Net assets	<u>117,655,689</u>	<u>94,450,852</u>	<u>116,517,409</u>	<u>74,094,049</u>
<i>Reconciliation:</i>				
Company's share in %	33%	45%	33%	45%
Company's share	38,826,377	42,502,883	38,450,745	33,342,322
Add: adjustment for income tax	7,565,780	13,129,827	6,575,514	10,787,129
Carrying amount	<u>46,392,157</u>	<u>55,642,710</u>	<u>45,026,259</u>	<u>44,129,451</u>
Revenue	224,770,316	232,364,542	152,498,614	112,403,320
Profit for the year before Zakat	40,079,982	53,388,432	45,334,524	28,488,723
<i>Reconciliation:</i>				
Company's share	13,226,394	24,024,794	14,960,393	12,819,925
Less: adjustment for income tax	(1,046,396)	(699,034)	(784,363)	(951,408)
Company's share in results	<u>12,179,998</u>	<u>23,325,760</u>	<u>14,176,030</u>	<u>11,868,517</u>

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10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

- 10.4** During 2025, the shareholders of Gas Vector Saudi Arabia Company Limited (“Associate”) resolved to increase the share capital of the associate by ﷲ 3,500,000 in equal proportion of their existing shareholding. The Company, having 45% share, made additional cash contribution amounted to ﷲ 675,000 and ﷲ 900,000 was transferred from retained earnings of the associate to their share capital.
- 10.5** On June 12, 2025, the Company entered into a joint venture agreement with Bonomi Group S.P.A, an Italian entity, to establish a Limited Liability Company (BONOMI Saudi Arabia Factory LLC (“The Company”)) in Saudi Arabia mainly for the manufacturing and distribution of valves and related oil and gas equipment. The agreed share capital of the Company will be ﷲ 5,000,000 whereas GAS Arabian Services will be holding 40% ownership interest. As of December 31, 2025, no capital contributions have been made by either party, hence no investment has been recorded in the Company’s financial statements for the year ended December 31, 2025.
- 10.6** On November 25, 2025, the Company announced the signing of the binding agreement with Future Prospects for Operation and Maintenance Company (one of the Company’s Shareholders) to purchase 12.90% equity stake in Eagle Burgmann Saudi Arabia Company Limited and 40% equity stake in TCR Arabia Company Limited (TCR). The agreed share capital of the Eagle Burgmann Saudi Arabia Company Limited will be ﷲ 10,000,000 whereas GAS Arabian Services will be holding 12.9% ownership interest. Also, the agreed share capital of the TCR Arabia Company Limited (TCR) will be ﷲ 5,000,000 whereas GAS Arabian Services will be holding 40% ownership interest. The Company has purchased equity stake in Eagle Burgmann Saudi Arabia Company Limited and TCR Arabia Company Limited (TCR) with agreed price of ﷲ 48.7 million and ﷲ 17.1 million respectively.
- 10.7** The financial results of two associates i.e., Yokogawa Services Saudi Arabia Company and EagleBurgmann Saudi Arabia Company Limited are taken from the management accounts as the management believes that unaudited figures would not be materially different from the audited figures.

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11 INVENTORIES

	December 31, 2025	December 31, 2024
Goods for resale	56,987,280	45,089,955
Allowance for obsolete/ slow moving inventories (note 11.1)	(214,275)	(94,101)
	56,773,005	44,995,854

11.1 The Company has approved policy to assess normal wear and tear and record allowance for slow moving inventories for inventory items which are aged above five years ultimately resulting in allowance.

12 TRADE RECEIVABLES AND CONTRACT ASSETS

	December 31, 2025	December 31, 2024
Trade receivables (note 12.1)	389,274,967	190,795,144
Contract assets (note 12.2)	115,437,090	95,118,214
	504,712,057	285,913,358

12.1 TRADE RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables		
-From third parties	391,338,951	194,179,505
-From related parties (note 27)	3,756,676	4,081,448
Trade receivables	395,095,627	198,260,953
Less: allowance for expected credit losses	(5,820,660)	(7,465,809)
	389,274,967	190,795,144

Five major customers' balances represent 80% (2024: 32%) of gross trade receivables.

Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days. Unimpaired trade receivables are mainly unsecured and are expected based on the past experience, to be fully recoverable. For the terms and conditions with the related parties, please refer note 27.

The allowance for expected credit losses on trade receivables is as follows:

December 31, 2025	Expected loss rate	Gross carrying amount	Allowance For ECL
0-90 days	0.46%	378,981,419	1,729,928
91-180 days	4.32%	8,742,590	377,680
181-270 days	13.52%	2,809,558	379,852
271-365 days	26.37%	1,668,965	440,105
Above 365 days	100%	2,893,095	2,893,095
Closing		395,095,627	5,820,660
December 31, 2024	Expected loss rate	Gross carrying amount	Allowance For ECL
0-90 days	0.45%	169,712,192	763,705
91-180 days	4.38%	17,129,347	750,265
181-270 days	14.35%	3,971,130	569,857
271-365 days	45.45%	3,241,064	1,473,064
Above 365 days	92.75%	4,207,220	3,908,918
Closing		198,260,953	7,465,809

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12 TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

12.1 TRADE RECEIVABLES (Continued)

Movement in the allowance for expected credit losses was as follows:

	December 31, 2025	December 31, 2024
At the beginning of the year	7,465,809	7,253,504
(Reversal) / charge for the year	(1,645,149)	212,305
At the end of the year	5,820,660	7,465,809

12.2 CONTRACT ASSETS

Contract assets are initially recognised for services rendered but not yet billed to customers, from long-term projects with customers. Upon billing of invoice, the amounts are recognised as billed revenue and are reclassified to trade receivables.

	December 31, 2025	December 31, 2024
Value of services performed (note - 22)	759,207,619	379,857,278
Less: Amounts billed under progress billings	(643,397,261)	(284,521,397)
Less: Allowance for expected credit losses	(373,268)	(217,667)
	115,437,090	95,118,214

13 PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Retention receivable	57,320,314	24,882,065
Due from related parties (note 27)	2,417,167	2,237,013
Advances to suppliers	38,610,864	40,037,910
Prepaid expenses	15,961,893	11,448,178
Refundable deposits	192,529	122,529
Staff advances	1,306,286	985,630
Dividend receivable	8,437,500	-
Accrued interest	30,375	392,976
Less: Allowance for expected credit losses on retention receivable	(326,913)	(311,896)
	123,950,015	79,794,405

14 CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash at banks	51,629,438	40,192,148
Short term Murabaha deposits (note 14.1)	30,000,000	132,500,000
	81,629,438	172,692,148

14.1 During the year, the Company invested in Shariah based short term Murabaha deposits (“Term Deposits”) at an average profit rate of 5.32% per annum having average maturity and roll forward of 30 to 90 days. These deposits have yielded total interest income amounted to ﷲ 1,862,771 charged to other income out of which ﷲ 30,375 is recorded as an accrued income.

14.2 Significant non-cash transactions:

	December 31, 2025	December 31, 2024
Transfer from capital work in progress to property and equipment (note-7)	29,149,875	15,799,952
Additions to right of use assets (note-8)	4,059,562	3,967,895
	33,209,437	19,767,847

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15 EQUITY

a. SHARE CAPITAL

Share capital is divided into 158,000,000 shares of ﷲ 1 each (2024: 158,000,000 shares of ﷲ 1 each).

b. STATUTORY RESERVE

The statutory reserve included in the financial statements was required under the Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended December 31, 2024, the requirement to set aside a statutory reserve has been removed. Accordingly, on December 10, 2024, the Shareholders approved the transfer of ﷲ 36,867,936 from the statutory reserve to retained earnings.

15.3 TREASURY SHARES

On April 10, 2023, the EoGM authorized the Board of Directors (BOD) to repurchase 200,000 shares for the purpose of keeping them as treasury shares, believing the nominal value was below market price. The Company, repurchased 31,484 shares (before split) amounted to SR 2,499,952, with a repurchase deadline of one year and a holding period of up to five years.

On June 16, 2023, the Board of Directors approved to repurchase a number of shares of the Company with a maximum of 100,000 to be allocated to Employee Stock Ownership Plan "ESOP" From 2023-2024, the Company repurchased all 100,000 shares for SR 779,837 and created a reserve of SR 410,025 for the share issuance in future.

On May 14, 2024, the EoGM approved to change the purpose of treasury shares to the ESOP.

16 EMPLOYEES END OF SERVICE BENEFITS

a. Post-employment benefits plan

In accordance with the provisions of IAS 19 - Employee Benefits, management has appointed an independent actuary to carry out an exercise to assess the present value of its defined benefit obligations as at December 31, 2025 and December 31, 2024.

	December 31, 2025	December 31, 2024
Post-employment benefits plan	41,338,701	33,735,813

The following table summarizes the components of the net benefit expense recognized in statement of profit or loss, OCI and amounts recognized in the statement of financial position.

16.2 Net benefit expense recognised in profit or loss

	2025	2024
Current service cost-net	7,403,223	4,978,860
Interest cost	1,734,407	1,659,733
Net benefit expense	9,137,630	6,638,593

16.3 Net remeasurement loss / (gain) recognised in other comprehensive income

	2025	2024
Loss / (gain) due to change in financial assumptions	1,081,661	(6,179,420)
(Gain) / loss due to change in demographic assumptions	(955,499)	5,391,508
Loss due to change in experience adjustments	4,744,558	-
Net remeasurement loss / (gain)	4,870,720	(787,912)

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16 EMPLOYEES END OF SERVICE BENEFITS (CONTINUED)

16.4 Movement in the present value of defined benefit obligations

	<u>2025</u>	<u>2024</u>
Defined benefit obligations at the beginning of the year	39,441,050	35,565,158
Current service cost-net	7,403,223	4,978,860
Interest cost	1,734,407	1,659,733
Benefits paid	(6,615,142)	(1,974,789)
Re-measurement loss / (gain) on obligations	4,870,720	(787,912)
Defined benefit obligations at the end of the year	46,834,258	39,441,050
Less: Advances against employees end of service benefits	(5,495,557)	(5,705,237)
Defined benefit obligations at the end of the year	41,338,701	33,735,813

Significant assumptions used in determining the post-employment defined benefit obligations includes the following:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>% Per annum</u>	<u>% Per annum</u>
Discount rate	5.0%	5.5%
Salary growth rate	4.0%	4.0%

A quantitative sensitivity analysis for discount rate assumption on the defined benefit obligations as at December 31, are shown below:

Assumptions

	<u>Discount rate per annum</u>	
Sensitivity level	<u>1% Increase</u>	<u>1% Decrease</u>
Defined benefit obligations as at December 31, 2025	44,120,532	49,715,997
Defined benefit obligations as at December 31, 2024	36,787,831	42,286,560

Assumptions

	<u>Salary increase rate per annum</u>	
Sensitivity level	<u>1% Increase</u>	<u>1% Decrease</u>
Defined benefit obligations as at December 31, 2025	49,714,898	44,119,990
Defined benefit obligations as at December 31, 2024	42,285,625	36,787,379

The sensitivity analysis mentioned above have been determined based on a method that extrapolates the impact on the defined benefit obligations because of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

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17 LEASE LIABILITY

The following amounts relating to lease liabilities, including interest expense at rates ranging from 4% to 9%, have been recognised in the statement of profit or loss and other comprehensive income:

	<u>2025</u>	<u>2024</u>
At January 01	5,245,665	3,615,822
Addition	4,059,562	3,967,895
Interest	502,585	417,604
Payments	<u>(3,266,434)</u>	<u>(2,755,656)</u>
At December 31	<u>6,541,378</u>	<u>5,245,665</u>

Lease liabilities are allocated into current and non-current as of December 31, 2025, based on the maturity as follows.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current portion	2,069,622	1,853,816
Non – current portion	4,471,756	3,391,849
Total	<u>6,541,378</u>	<u>5,245,665</u>

The contractual maturity of lease liabilities (undiscounted) is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within one year	2,534,723	2,269,487
2-5 years	4,785,331	3,433,974
Above 5 years	450,000	675,000
Total	<u>7,770,054</u>	<u>6,378,461</u>

18 ACCOUNTS PAYABLE

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable		
- To third parties	202,054,289	186,449,803
- To related parties (note 27)	70,718,632	3,391,967
	<u>272,772,921</u>	<u>189,841,770</u>

19 ACCRUED AND OTHER LIABILITIES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Project accruals	149,013,050	91,860,895
Employee's related accruals	30,526,720	17,382,222
VAT payable	20,786,913	176,980
Other provisions	3,865,289	3,801,594
	<u>204,191,972</u>	<u>113,221,691</u>

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20 PROVISION FOR ZAKAT

20.1 Movement of provision for Zakat

The movement of provision for Zakat is as follows:

	<u>2025</u>	<u>2024</u>
At January 01	5,535,004	6,851,110
Charged during the year	4,904,839	5,535,003
Paid during the year	(5,366,884)	(6,064,309)
Charge for previous years	-	47,131
Over provision for previous year	(168,120)	(833,931)
At December 31	<u>4,904,839</u>	<u>5,535,004</u>

20.2 Charge for the year

	<u>2025</u>	<u>2024</u>
Current year charge	4,904,839	5,535,003
Over provision for previous year	(168,120)	(865,173)
Total charge for the year	<u>4,736,719</u>	<u>4,669,830</u>

20.3 Status of assessments

The Company has submitted its Zakat returns to Zakat, Tax and Customs Authority (ZATCA) up to the year 2024 and have obtained the required certificates. The Company has finalized its Zakat assessments up to the year 2018 and upto the years 2023 and 2024.

21 REVENUE

Type of goods or services and timing of revenue recognition

	<u>2025</u>	<u>2024</u>
<i>Revenue generated at a point in time</i>		
Sale of traded goods	471,434,108	523,475,997
Technical services	161,422,534	134,050,012
Manufacturing	40,547,069	53,833,255
Sales commission	7,722,844	1,818,156
	<u>681,126,555</u>	<u>713,177,420</u>
<i>Revenue generated over the time</i>		
Technical services	759,207,619	379,857,278
Total revenue	<u>1,440,334,174</u>	<u>1,093,034,698</u>

21.1 Disaggregation of revenue

All revenues are generated from within the Kingdom of Saudi Arabia.

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22 COST OF REVENUE

	<u>2025</u>	<u>2024</u>
Cost of materials consumed	352,236,612	425,165,444
Project material and sub-contracting costs	614,187,437	330,397,280
Employees' costs	199,381,336	119,983,315
Depreciation and amortization	35,323,922	9,611,979
Others	12,981,567	35,468,235
	<u>1,214,110,874</u>	<u>920,626,253</u>

23 GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>2024</u>
Employees' costs	76,618,863	58,644,144
Rent	3,067,754	2,321,783
Repairs and maintenance	4,482,934	3,521,375
Depreciation and amortization	4,644,329	3,620,411
Information technology expenses	3,140,486	2,132,614
Electricity and water	2,068,614	1,263,561
Travel	7,670,970	4,618,723
Professional fees	1,743,313	1,452,887
Communication	1,336,001	942,725
Insurance	1,514,581	1,200,742
Others	15,051,981	9,279,652
	<u>121,339,826</u>	<u>88,998,617</u>

24 OTHER INCOME

	<u>2025</u>	<u>2024</u>
Rent	2,063,997	3,079,214
Interest income on short term Murabaha deposits	1,862,771	3,241,530
Gain on disposal of property and equipment	208,042	123,959
Others	4,529,027	2,447,875
	<u>8,663,837</u>	<u>8,892,578</u>

25 FINANCE COSTS

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	502,585	417,604
Interest on short term loans*	80,315	-
Others	1,552,078	612,484
	<u>2,134,978</u>	<u>1,030,088</u>

*The interest cost relating to these short-term loans is Sharia-compliant.

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26 EARNINGS PER SHARE

The calculation of earnings per share is based on the following profit attributable to the shareholders of the Company and weighted average number of ordinary shares outstanding during the year:

	<u>2025</u>	<u>2024</u>
Net profit after Zakat	150,788,831	113,955,737
Weighted average number of shares for calculation for basic earnings per share	157,587,812	157,587,812
Weighted average number of shares for calculation for diluted earnings per share	158,000,000	158,000,000
Earnings per share:		
Basic	0.9569	0.7231
Diluted	0.9544	0.7212

The weighted average number of shares are adjusted to account for treasury shares held under The Employee Stock Ownership Plan (ESOP).

27 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The Company considers the members of the Board of Directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IAS 24 Related Party Disclosures. Following is the list of the major related parties of the Company:

<u>Names of related parties</u>	<u>Nature of relationship</u>
Future Prospects for Operation and Maintenance Company Limited	Shareholder
FS Elliot Services Company Limited	Joint venture
Elliot Gas Services Saudi Arabia Company Limited	Joint venture
FS Elliot Saudi Arabia Company Limited	Joint venture
Weidmuller Saudi Arabia Factory Company	Joint venture
TubeFit Engineering Arabian Factory LLC (note 10)	Joint venture
TCR Arabia Company Limited (note 10)	Associate
Yokogawa Services Saudi Arabia Company Limited	Associate
Gas Vector Saudi Arabia Company Limited	Associate
Elster Instromet Saudi Arabia Company	Associate
Eagle Burgmann Saudi Arabia Company Limited (note 10)	Associate
SGB Al-Dabal Company Limited	Affiliate
Magnetrol Gas	Affiliate
Mr. Abdulrahman Khalid Aldabal	Key management personnel
Mr. Faisal Khalid Aldabal	Key management personnel
Mr. Aref Khalid Aldabal*	Ex-Key management personnel
Mr. Khalid Abdulrahman Khalid Aldabal	Key management personnel

*During the year, Mr. Aref Khalid Aldabal ceased to be key management personnel.

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27 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

Following are the significant transactions and balances with related parties:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>	
			<i>2025</i>	<i>, 2024</i>
Future Prospects for Operation and Maintenance Company Limited	Shareholder	Capital Investment in Joint Venture (note 10.6)	(65,818,264)	-
Elliot Gas Services Saudi Arabia Company Limited	Joint venture	Sale of goods and technical services provided	4,479,415	323,431
		Payment made on behalf of associate	-	(15,150)
		Purchase of goods and Services	(1,607,670)	-
Eagle Burgmann Saudi Arabia Company Limited	Associate	Purchase of goods	-	(36,440)
Elster Instromet Saudi Arabia Company	Associate	Sale of goods and technical services provided	285,637	2,691,817
		Rental income	496,875	1,687,500
		Purchase of goods	(900,095)	(465,147)
FS Elliot Saudi Arabia Company Limited	Joint venture	Rental income	478,125	478,125
		Technical services provided	120,899	90,000
		Purchase of goods and Services	(3,729,526)	-
Yokogawa Services Saudi Arabia Company Limited	Associate	Purchase of goods	(4,223,324)	(5,448,496)
		Technical services provided	267,720	628,799
FS Elliot Services Company Limited	Joint venture	Rental income	239,063	239,063
		Sale of goods and technical services provided	90,000	106,088
		Purchase of goods & Services	(30,003)	-
Gas Vector Saudi Arabia Company Limited	Associate	Sale of goods and technical services provided	252,823	252,311
		Payment made on behalf of associate	2,000	2,721,804
		Rental income	146,250	-
		Purchase of goods	(1,878,537)	(704,000)
Weidmuller Saudi Arabia Factory Company	Joint venture	Rent Income	15,069	18,514
		Purchase of goods and services	(3,272,785)	(755,056)
		Sale of goods and services	3,049,703	4,692,430
TCR Arabia Company Limited	Associate	Rental income	688,615	655,824
		Payment made on behalf of associate	68,684	131,016
		Purchase of goods and Services	(1,004,326)	(322,923)
SGB Al-Dabal Company Limited	Affiliate	Purchase of goods and services	(2,257,190)	(9,791,935)
TubeFit Engineering Arabian Factory LLC	Joint venture	Investment	-	2,350,000
BONOMI Saudi Arabia Factory LLC	Joint venture	Payment made on behalf of joint venture	677,010	-

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27 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>	
			<i>December 31, 2025</i>	<i>December 31, 2024</i>
Mr. Aref Khalid Aldabal	Ex-Key management personnel	Rent payment	(567,500)	(487,500)
		Purchase of building	(2,889,274)	-
Mr. Abdulrahman Khalid Aldabal	Key management personnel	Rent payment	(552,500)	(552,500)
Mr. Khalid Abdulrahman Aldabal & Ms. Hind Abdulrahman Aldabal	Key management personnel	Rent payment	(351,525)	(351,525)
Ms. Nora Abdulrahman Albabal & Ms. Kholoud Abdulrahman Aldabal	Key management personnel	Rent payment	(45,000)	(45,000)
Mr. Khalid Abdulrahman Khalid Aldabal	Key management personnel	Rent payment	(202,500)	(202,500)

Pricing policies and terms of payments of the above transactions with related parties have been approved by the Company's management and Board of Directors.

In addition to the above the Company incurred the following compensation of key management personnel of the Company:

	December 31, 2025	December 31, 2024
Short-term employee benefits	9,439,154	8,655,704
Employees end of service benefits	2,008,535	2,086,818
Total compensation	11,447,689	10,742,522

The breakdown of amounts due from / to related parties is as follows:

27.1 Trade receivables (note 12):

	December 31, 2025	December 31, 2024
Weidmuller Saudi Arabia Factory Company	2,525,816	2,500,193
Elliot Gas Services Saudi Arabia Co. Ltd	928,827	-
Gas Vector Saudi Arabia Company Limited	160,127	30,863
TCR Arabia Company Limited	141,906	196,102
Elster Instromet Saudi Arabia Company Limited	-	1,251,664
Yokogawa Services Saudi Arabia Company Limited	-	102,626
	3,756,676	4,081,448

27.2 Prepayments and other receivables (note 13):

	December 31, 2025	December 31, 2024
Elster Instromet Saudi Arabia Company Limited	2,240,000	2,240,000
FS Elliot Saudi Arabia Company Limited	1,662,838	1,660,704
FS Elliot Services Company Limited	411,125	411,122
BONOMI Saudi Arabia Factory LLC	272,214	-
Magnetrol Gas	65,925	65,925
TCR Arabia Company Limited	3,065	99,262
Gas Vector Saudi Arabia Company Limited	2,000	-
	4,657,167	4,477,013
Less: Allowance for due from a related party	(2,240,000)	(2,240,000)
	2,417,167	2,237,013

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27 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

27.3 Accounts payable (note 18):

	December 31, 2025	December 31, 2024
Future Prospects for Operation and Maintenance Company Limited	65,818,264	-
Yokogawa Services Saudi Arabia Company Limited	2,150,597	2,277,938
Wedmular Company Limited	1,699,626	451,914
Gas Vector Saudi Arabia Company Limited	762,472	146,972
TCR Arabia Company Limited	205,651	45,675
Elster Instromet Saudi Arabia Company	76,763	-
SGB Al-Dabal Company Limited	5,259	444,841
First Insurance & Reinsurance Broker Company	-	24,627
	70,718,632	3,391,967

28 SEGMENT INFORMATION

Operating segments

For management purposes, The Company is organized into business units based on their operations and has the following three reportable segments:

- The Technical services - This segment provides technical manpower services and executes technical engineering projects.
- The Trading and commission- The segment is engaged in sales of industrial, electrical, mechanical, hydro-mechanical, petroleum and other technical equipment.
- The manufacturing - This segment is engagement in manufacturing of piping spools, structural steel fabrication, pressure reduction stations and other industry essential products.

All the Company's operations are in the Kingdom of Saudi Arabia. The selected information for each operating segment for the year ended December 31, 2025 and December 31, 2024 are as follows:

For the year ended December 31, 2025	Technical services	Trading and commission	Manufacturing	Unallocated	Total
Revenue	920,630,153	479,156,952	40,547,069	-	1,440,334,174
Third party revenue	915,460,424	475,931,028	40,396,526	-	1,431,787,978
Gross profit	99,176,493	109,639,722	17,407,085	-	226,223,300
Depreciation and amortization	-	-	-	(4,644,329)	(4,644,329)
Share in results of associates and joint ventures	-	-	-	42,638,687	42,638,687
Finance costs	-	-	-	(2,134,978)	(2,134,978)
Profit before Zakat	-	-	-	155,525,550	155,525,550
Total assets	295,511,672	89,156,153	12,019,711	734,276,734	1,130,964,270
Total liabilities	-	-	-	648,343,737	648,343,737

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28 SEGMENT INFORMATION (CONTINUED)

For the year ended December 31, 2024	Technical services	Trading and commission	Manufacturing	Unallocated	Total
Revenue	513,907,289	525,294,153	53,833,256	-	1,093,034,698
Third party revenue	511,066,890	520,449,112	52,708,635	-	1,084,224,637
Gross profit	74,135,629	84,779,758	13,493,058	-	172,408,445
Depreciation and amortization	-	-	-	(3,620,411)	(3,620,411)
Share in results of associates and joint ventures	-	-	-	27,927,406	27,927,406
Finance costs	-	-	-	(1,030,088)	(1,030,088)
Profit before Zakat	-	-	-	118,625,567	118,625,567
Total assets	65,486,286	135,102,168	7,789,633	629,948,326	838,326,413
Total liabilities	-	-	-	433,862,372	433,862,372

29 FINANCIAL INSTRUMENTS BY CATEGORY

	December 31, 2025		
	Total	At amortized cost	at FVTPL
<i>Financial assets</i>			
Trade receivables and contract assets	504,712,057	504,712,057	-
Other receivables	59,737,481	59,737,481	-
Cash and cash equivalents	81,629,438	81,629,438	-
Total	646,078,976	646,078,976	-

	December 31, 2025		
	Total	at amortised cost	at FVTPL
<i>Financial liabilities</i>			
Accounts payables	272,772,921	272,772,921	-
Accrued and other liabilities	183,405,059	183,405,059	-
Contract liabilities	106,045,529	106,045,529	-
Lease liabilities	6,541,378	6,541,378	-
Total	568,764,887	568,764,887	-

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29 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	December 31, 2024		
	Total	At amortised cost	at FVTPL
<i>Financial assets</i>			
Trade receivables and contract assets	285,913,358	285,913,358	-
Other receivables	27,119,078	27,119,078	-
Cash and cash equivalents	172,692,148	172,692,148	-
Total	485,724,584	485,724,584	-
<i>Financial liabilities</i>			
Accounts payables	189,841,770	189,841,770	-
Accrued and other liabilities	113,044,711	113,044,711	-
Contract liabilities	74,643,243	74,643,243	-
Lease liabilities	5,245,665	5,245,665	-
Total	382,775,389	382,775,389	-

The Company's exposure to various risks associated with the financial instruments is discussed in Note 30. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of financial assets mentioned above.

The Company's principal financial liabilities comprise payables, contract liabilities and accruals. The main purpose of these financial liabilities is for the Company's operations. The Company's principal financial assets include cash at banks, short term investments and trade receivables and contract assets.

30 FINANCIAL RISK MANAGEMENT POLICIES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

30.1 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk on its bank balances, short term investments, trade receivable and contract assets and retention receivables as follows:

	December 31, 2025	December 31, 2024
Financial assets		
Cash and cash equivalents	81,629,438	172,692,148
Trade receivables and contract assets	504,712,057	285,913,358
Other receivables – retention receivable	59,410,568	26,807,182
	645,752,063	485,412,688

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30 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

30.1 Credit risk (Continued)

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on bank balances, short term investments, trade receivables and contract assets and retention receivables are limited as cash balances and short term investments (time deposits) are held with banks with sound credit ratings (A- Stable Outlook) and the trade receivables and contract assets and retention receivable are shown net of allowance for expected credit losses.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Before accepting any new credit customer, the Company has its own credit policy to assess the potential customer's credit quality and defines the credit limits for the new customer. These policies are reviewed and updated regularly. Moreover, the Company seeks to manage its credit risk by monitoring outstanding receivables on an ongoing basis. Further, a good portion of trade receivables and contract assets and retention receivable are from Government which have good credit rating.

30.1.1 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial and non-financial liabilities:

December 31, 2025	Within one year	2-5 years	More than 5 years	Total
Accounts payables	272,772,921	-	-	272,772,921
Accrued and other liabilities	183,405,059	-	-	183,405,059
Contract liabilities	106,045,529	-	-	106,045,529
Lease liabilities	2,534,723	4,785,331	450,000	7,770,054
	564,758,232	4,785,331	450,000	569,993,563

December 31, 2024	Within one year	2-5 years	More than 5 years	Total
Accounts payables	189,841,770	-	-	189,841,770
Accrued and other liabilities	113,044,711	-	-	113,044,711
Contract liabilities	74,643,243	-	-	74,643,243
Lease liabilities	2,269,487	3,433,974	675,000	6,378,461
	379,799,211	3,433,974	675,000	383,908,185

The maturity analysis of lease liabilities is disclosed under note 17.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. The Company's terms of sales require minimal credit period.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Management believes that Company's exposure to price risk is limited because the amounts of the underlying balances and transactions are marginal.

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30 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

ii. Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rates are principally fixed, therefore the management believes that there is exposure to interest rates risk is immaterial.

iii. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyal (ﷲ) and Unites States Dollar (USD). The Company's management believe that their exposure to currency risk associated with the USD is limited as the Saudi Riyal is pegged to the USD.

30.1.2 Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included 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).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred (in case there are equity investments), currently the Company has no investments in equity securities. As of December 31, 2025, the carrying amount of financial assets and financial liabilities of the Company approximate their fair value.

30.1.3 Capital management

For the purpose of the Company's capital management, capital includes issued capital and retained earnings of the Company. The primary objective of the Company's capital management is to maximize the shareholder value. The Company 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 Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

30.1.4 Changes in liabilities arising from financing activities are as follows:

	As at January 01, 2025	Movement during the year	Interest during the year	Cash outflows	As at December 31, 2025
Short term loans	-	13,250,000	80,315	(13,330,315)	-
Lease liability	5,245,665	4,059,562	502,585	(3,266,434)	6,541,378
	5,245,665	17,309,562	582,900	(16,596,749)	6,541,378

	As at January 01, 2024	Movement during the year	Interest during the year	Cash outflows	As at December 31, 2024
Lease liability	3,615,822	3,967,895	417,604	(2,755,656)	5,245,665
	3,615,822	3,967,895	417,604	(2,755,656)	5,245,665

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in Saudi Riyals (ﷲ))

31 DIVIDENDS PAID

On March 4, 2025, the Board of Directors approved interim cash dividend of ﷲ36.24 million (ﷲ 0.23 per share) for the year ended December 31, 2024. Further, on August 03, 2025, the Board of Directors approved the distribution of interim cash dividends amounted to ﷲ 31.52 million (ﷲ 0.20 per share) related to the six months period ended June 30, 2025 and the same was paid to the shareholders. The total dividend for the year ended December 31, 2025 amounted to ﷲ 67.76 million. For the year ended December 31, 2024 (pertaining to the year 2023 and 2024: ﷲ 70.91 million).

32 CONTINGENCIES AND COMMITMENTS

As at December 31, 2025, the Company has issued outstanding letters of guarantee amounting to ﷲ 494.7 million (December 31, 2024: ﷲ 374.8 million) and letters of credit amounting to ﷲ 82.6 million (December 31, 2024: ﷲ nil) issued by the local banks on behalf of Company in the ordinary course of business. Further, the Company has Capital commitments amounting to ﷲ10.4 million (December 31, 2024: ﷲ 9.2 million) on account of construction of Company's new office building.

33 SUBSEQUENT EVENTS

On January 07, 2026, the Company completed the legal incorporation of its wholly owned subsidiary, Arabian Building Solutions for Projects Execution (A Single Shareholder Limited Liability Company) with a share capital of ﷲ 1,000,000, to provide Engineering, Procurement, and Construction (EPC) services within the technical services and industrial segments.

On March 04, 2026, the Board of Directors has recommended a dividend amounting to ﷲ 47.27 million (ﷲ 0.30 per share) to the Extraordinary General Assembly of the Company.

In the opinion of the management, except for the events mentioned above, there have been no significant subsequent events since the year-end that require disclosure or adjustment in these Financial Statements.

34 AUTHORIZATION TO ISSUE FINANCIAL STATEMENTS

These financial statements have been authorized to issue by the Board of Directors of the Company on March 04, 2026 (G).