

Chairman's Report

For the Half-year ended 30 June 2025

Dear Shareholders,

On behalf of the Board of Directors of National Gas Company SAOG's, I am pleased to present the Director's Report for the half year ended 30th June 2025. This report outlines the financial and operational performance of both the Group and the Parent Company during the reporting period.

Group Performance

For the first half of 2025, the Group achieved revenue of RO 43.7 million, representing growth of 9% as compared to RO 40.3 million in the previous period last year. Despite this growth, the Group recorded an after-tax loss of RO 348,026, compared to RO 99,451 in the same period last year.

The increase in loss was primarily driven by challenges in our operations in the Kingdom of Saudi Arabia, where a slowdown in the order pipeline and delays in project execution adversely impacted profitability. In addition, our Malaysia operations reported losses mainly due to a timing mismatch—costs were incurred on ongoing projects for which variation orders are still pending for approval. We expect this issue to be resolved in the second half of 2025, and overall performance for the Malaysia entity is anticipated to be positive for the full year.

We are pleased to report that the Group's Net Assets Per Share increased from RO 0.213 as of 30th June 2024 to RO 0.225 as of 30th June 2025, highlighting the strength of our balance sheet and the value being built within the Group.

Parent Company Performance

Despite challenges, The Parent Company demonstrated notable revenue growth of 35%, reaching RO 5.6 million compared to RO 4.1 million in the same period last year. However, lower LPG price realization in the Bulk Supply segment resulted in a decrease in profitability for that business line.

Nevertheless, the Parent Company reported a reduced after-tax loss of RO 28,267, an improvement from the RO 82,873 loss in the previous period. This positive trend reflects the effectiveness of our cost control measures and increased volume handling across operations.

Regulatory Updates

We continue to actively engage with regulators on matters that impact on our business. The **Ministry of Commerce, Industry, and Investment Promotion (MOCIIP)** has issued branding regulations that came into effect on **1 December 2024**. We are currently awaiting further clarifications and are evaluating our strategic response for implementation in the later part of 2025.

Developments

We are pleased to provide an update on the group's developments and express our gratitude for the support and trust extended by various stakeholders.

In June 2025, we successfully acquired an 80% shareholding in Samahram Gas LLC based in Salalah. This strategic move is aimed at reinforcing our presence in Sultanate of Oman and expanding our footprint in the region.

In Saudi Arabia, our subsidiary is focused on project activities and has been qualified for an LPG Refill and Bulk distribution license. We have submitted our financial bid for this license and await the decision. This initiative represents a strategic expansion into a new segment aligned with our growth objectives.

In Malaysia, we are expanding our presence in the Solar energy sector emphasizing the implementation of rooftop solar power systems, gas distribution network pipelines, and engineering consultancy services. These efforts underscore our commitment to diversifying our portfolio and leveraging our core capabilities to support sustainable growth.

Conclusion

While we faced headwinds from pricing pressure in the Bulk LPG segment and regional project delays, we are encouraged by improvements in operational efficiency, volume growth, and cost management. We remain optimistic about achieving better performance in the second half of 2025, driven by our strategic initiatives and disciplined execution.

We reaffirm our commitment to operational excellence, regulatory compliance, and sustainable value creation. Our teams are focused on timely project delivery, upholding the highest standards of business conduct, and aligning global benchmarks of performance.

On behalf of the Board of Directors, I would like to express our sincere appreciation to His Majesty Sultan Haitham Bin Tariq, the Financial Services Authority, the Muscat Stock Exchange, the Ministry of Energy and Minerals, Energy Development of Oman, the Civil Defense and Ambulance Authority, the Ministry of Commerce, Industry and Investment Promotion (MOCIIP), and other regulatory bodies for their invaluable guidance and support. We are grateful for their contributions to enabling our operations and fostering a conducive business environment.

We would also like to extend our gratitude to our esteemed shareholders, employees, distributors, customers, and vendors. Your unwavering trust and support have been instrumental in our success. We hope to continue earning your faith and encouragement in the upcoming quarters.

Abdulla Suleiman Hamed Al Harthy

Chairman