

**NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders

NAMA Chemicals Company

(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of NAMA Chemicals Company (A Saudi joint stock company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at September 30, 2023, and the related interim condensed consolidated statements of profit or loss and the other comprehensive income for the three and Nine month periods ended September 30, 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the Nine month period ended September 30, 2023, and other explanatory notes. The Group's management is responsible for the preparation and presentation of these Interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries primarily to persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 as endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi & Co.



Abdullah S. Al Msned

License No. (456)

Riyadh:

Rabi al-Thani 24, 1445H

November 8, 2023



NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Note | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|------|--------------------------------------|-----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant, and equipment | 4 | 604,828 | 638,958 |
| Deferred cost | | 31,834 | 34,180 |
| Investment Properties | | 65,244 | 66,903 |
| Long-term prepaid employees' benefit | | 98,799 | 103,891 |
| Total non-current assets | | 800,705 | 843,932 |
| Current assets | | | |
| Inventories | | 103,711 | 128,078 |
| Long-Term Prepaid Employees' Benefit – Current Portion | | 5,753 | 5,753 |
| Trade receivables | | 84,825 | 111,827 |
| Advances, prepayments, and other receivables | | 36,099 | 34,179 |
| Cash and cash equivalents | | 10,255 | 9,318 |
| Total current assets | | 240,643 | 289,155 |
| TOTAL ASSETS | | 1,041,348 | 1,133,087 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 235,200 | 235,200 |
| Statutory Reserve | | 6,435 | 6,435 |
| Actuarial remeasurement reserves / other reserves | | (6,653) | (6,595) |
| Retained earnings | | 55,920 | 150,936 |
| Total equity | | 290,902 | 385,976 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term loans – non-current portion | 5 | 266,957 | 381,276 |
| Employees' end-of-service benefits | | 34,711 | 34,968 |
| Lease Liabilities - non-current | 6 | 10,991 | 12,653 |
| Total non-current liabilities | | 312,659 | 428,897 |
| Current liabilities | | | |
| Long-term loans – current portion | 5 | 152,348 | 76,755 |
| Short term loans | 5 | 63,352 | 14,019 |
| Lease Liabilities – current | 6 | 2,878 | 4,060 |
| Trade and other payables | | 160,026 | 167,694 |
| Provision for zakat | | 7,259 | 7,659 |
| Accrued expenses and other liabilities | | 51,924 | 48,027 |
| Total current liabilities | | 437,787 | 318,214 |
| Total liabilities | | 750,446 | 747,111 |
| TOTAL EQUITY AND LIABILITIES | | 1,041,348 | 1,133,087 |
| Contingencies and commitments | 7 | | |


Chief Financial Officer


Chief Executive Officer


Chairman

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

NAMA CHEMICALS COMPANY

(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Note | Period from July 1 to September 30, | | Period from January 1 to September 30, | |
|---|------|--|---------------------|---|---------------------|
| | | 2023 (Unaudited) | 2022 (Unaudited) | 2023 (Unaudited) | 2022 (Unaudited) |
| Revenue | | 89,313 | 132,301 | 344,503 | 459,998 |
| Cost of revenue | | (116,569) | (115,073) | (372,256) | (339,348) |
| Gross (loss) profit | | (27,256) | 17,228 | (27,753) | 120,650 |
| Selling and distribution expenses | | (6,543) | (8,150) | (22,441) | (27,415) |
| General and administrative expenses | | (12,310) | (10,755) | (33,292) | (31,316) |
| Operating (loss) / profit | | (46,109) | (1,677) | (83,486) | 61,919 |
| Finance cost, net | | (3,623) | (3,332) | (11,128) | (9,740) |
| Other (expenses) / income, net | | 273 | (126) | 800 | 3,225 |
| (Loss) / profit before zakat | | (49,459) | (5,135) | (93,814) | 55,404 |
| Zakat | | (401) | (230) | (1,202) | (688) |
| Net (loss) / profit for the period | | (49,860) | (5,365) | (95,016) | 54,716 |
| Other comprehensive (loss) / income: | | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | | |
| Change in fair value of equity instruments at fair value through other comprehensive income | | - | - | - | - |
| <i>Items that may be reclassified to profit or loss:</i> | | | | | |
| Exchange differences on translation of foreign operations | | 3 | (3) | (58) | 18 |
| Other comprehensive (loss) / income for the period | | 3 | (3) | (58) | 18 |
| Total comprehensive (loss) / income for the period | | (49,857) | (5,368) | (95,074) | 54,734 |
| (Loss) / earnings per share | | | | | |
| - Basic (SR) | 10 | (2.120) | (0.228) | (4.040) | 2.326 |
| - Diluted (SR) | 10 | (2.120) | (0.228) | (4.040) | 2.326 |
| Weighted average number of shares outstanding: | | | | | |
| - Basic ('000') | 10 | 23,520 | 23,520 | 23,520 | 23,520 |
| - Diluted ('000') | 10 | 23,520 | 23,520 | 23,520 | 23,520 |

Chief Financial Officer

Chief Executive Officer

Chairman

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023
 (All amounts in Saudi Riyals thousands unless otherwise stated)

| | Share Capital | Statutory reserves | Actuarial remeasurement reserves / other reserves | Retained earnings/ Accumulated (losses) | Total equity |
|--|---------------|--------------------|---|---|--------------|
| Balance at January 1, 2022 (Audited) | 235,200 | 2,733 | (5,744) | 100,549 | 332,738 |
| Net profit for the period | - | - | - | 54,716 | 54,716 |
| Other comprehensive income for the period | - | - | 18 | - | 18 |
| Total comprehensive (loss) / income for the period | - | - | 18 | 54,716 | 54,734 |
| Balance at September 30, 2022(unaudited) | 235,200 | 2,733 | (5,726) | 155,265 | 387,472 |
| Balance at January 1, 2023 (Audited) | 235,200 | 6,435 | (6,595) | 150,936 | 385,976 |
| Net loss for the period | - | - | - | (95,016) | (95,016) |
| Other comprehensive income for the period | - | - | (58) | - | (58) |
| Total comprehensive income for the period | - | - | (58) | (95,016) | (95,074) |
| Balance at September 30, 2023 (unaudited) | 235,200 | 6,435 | (6,653) | 55,920 | 290,902 |


 Chief Financial Officer


 Chief Executive Officer


 Chairman

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

| | September 30, 2023 | September 30, 2022 |
|---|-----------------------|-----------------------|
| | (Unaudited) | |
| Cash flows from operating activities | (95,016) | 54,716 |
| Net (loss) profit for the period | | |
| Adjustments for non-cash items: | | |
| Depreciation on operating fixed assets | 45,028 | 51,410 |
| Amortization of deferred cost of Villa development | 1,457 | 1,457 |
| Depreciation on investment properties | 1,659 | 1,659 |
| Provision for zakat | 1,202 | 688 |
| Finance cost, net | | 1,013 |
| Settlement of Long-Term Prepaid Employee Benefits | 5,980 | 7,644 |
| Provision for employees' end of service benefits | 961 | 3,537 |
| | (38,729) | 122,124 |
| Working capital adjustments: | | |
| Inventories | 24,366 | (6,784) |
| Trade receivables | 27,002 | (14,133) |
| Advances, prepayments, and other receivables | (1,921) | (13,823) |
| Trade and other payables | (7,667) | (37,816) |
| Accrued expenses and other liabilities | 5,448 | 17,567 |
| Cash generated from operations | 8,499 | 67,135 |
| Zakat paid | (1,603) | (917) |
| Employees' end of service benefits paid | (1,219) | (1,861) |
| Net cash generated from operating activities | 5,677 | 64,357 |
| Cash flows from investing activities | | |
| Additions to property, plant and equipment | (10,263) | (3,295) |
| Additions to ROU | (634) | (9,028) |
| Early Retirement of ROU | - | 613 |
| Proceeds from sale of property, plant and equipment | - | 1,732 |
| Net cash (used in) investing activities | (10,897) | (9,978) |
| Cash flows from financing activities | | |
| Changes in short term loans | 49,398 | (3,739) |
| Lease liabilities settled | (4,170) | (5,129) |
| Repayment of long-term loans | (39,013) | (42,320) |
| Net cash generated from / (used in) financing activities | 6,215 | (51,188) |
| Net change in cash and cash equivalents | 995 | 3,191 |
| Exchange differences on translation of foreign operations | (58) | 18 |
| Cash and cash equivalents at January 01, | 9,318 | 10,264 |
| Cash and cash equivalents at September 30, | 10,255 | 13,473 |


Chief Financial Officer

Chief Executive Officer


Chairman


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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

NAMA Chemicals Company ("the Company") ("NAMA") is a Saudi Joint Stock Company registered in Al-Jubail Industrial City under the commercial registration Number 2055007420. The registered office of the Company is situated in Al- Jubail, Kingdom of Saudi Arabia. The share capital of the Company amounts to SR 235.2 million divided into 23.52 million shares of SR 10 each.

The principal activities of NAMA and its subsidiaries ("the Group"), each of which operates under individual commercial registration, are to own, establish, operate, and manage industrial projects in the petrochemical and chemical fields and engaged in real estate operations.

The Company's registered address is P.O. Box 11919, Jubail Industrial City 31961, Kingdom of Saudi Arabia.

These condensed consolidated interim financial statements have been prepared assuming that the group will continue as a going concern. At the reporting date, the total current liabilities exceeded the total current assets by SR 197.1.

The Group will be able to continue its operations and meet its obligations as they fall due within the next 12 months as reflected in the detailed business plan and projected cash flows for the years from 2023 to 2027, which includes some expected key performance indicators after taken remedial action plans such as revenues diversification, cost optimization, working capital management, and loan rescheduling. Group management continues to monitor performance indicators of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary.

1.1 Structure of the group

The consolidated financial statements include the financial statements of the company and the following subsidiaries:

- Al-Jubail Chemical Industries Company ("JANA"), a limited liability Company, is owned 100% by NAMA.
- Arabian Alkali Company ("SODA"), a limited liability Company, is owned 100% by NAMA.
- NAMA Industrial Investment Company, a limited liability Company, is owned 100% by NAMA.
- NAMA Europa GMBH, a limited liability Company incorporated in Switzerland, is owned 99% by NAMA Industrial Investment Company and 1% by NAMA. The shareholding was notified in the commercial registry in Bern vide – CH-036.4.041.685-8.
- NAMA Germany GMBH, a limited liability Company incorporated in Germany, is fully owned by NAMA Europa GMBH.

On September 5, 2022 (corresponding safer 9,1444H) NAMA board of directors decided to change the ownership structure of JANA, SODA, and NAMA Industrial Investment Company. As per the board decision, NAMA will have 100% direct ownership of these subsidiaries. the ownership transfers have been implemented on April 12, 2023, and the Articles of Association of Companies have been amended. This did not have any financial impact on the consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed consolidated interim financial statements for the nine months ended September 30, 2023, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and hence should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2022.

2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements are prepared under the historical cost convention, as modified for financial assets at fair value through other comprehensive income and by using the actuarial basis for employees' end-of-service benefits, on the accrual basis of accounting. The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2 Preparation of the condensed consolidated interim financial statements (continue)

The preparation of these condensed consolidated interim financial statements in conformity with IFRS required management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgments and key sources of estimations were the same as those described in the last annual financial statements.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Group. All amounts are presented in Saudi Riyals thousands except the earning per share.

The following is a summary of significant accounting policies adopted by the Group:

3.1 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Group detailed in note 1.1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Condensed consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.2 New Standards, Amendments to Standards and Interpretations

There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2023 and has been explained in the Group annual consolidated financial statements.

These amendments do not have a material effect on the Group's interim condensed consolidated financial statements.

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continue)

3.3 Use of Judgments and Estimates:

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited Consolidated Financial Statements.

However, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual Consolidated Financial Statements against the backdrop of the Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual Consolidated Financial Statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

4. PROPERTY, PLANT AND EQUIPMENT

| | <u>Note</u> | September 30,2023 (Unaudited) | December 31, 2022 (Audited) |
|------------------------|-------------|--|--|
| Operating fixed assets | 4.1 | 592,090 | 623,329 |
| Right of use assets | 4.2 | 12,738 | 15,629 |
| | | <u>604,828</u> | <u>638,958</u> |

4.1 Operating fixed assets

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---|---|--|
| <u>Cost:</u> | | |
| At the beginning of the period/year | 2,228,275 | 2,227,042 |
| Additions | 10,264 | 8,374 |
| Disposals | - | (7,141) |
| At the end of the period/year | <u>2,238,539</u> | <u>2,228,275</u> |
| <u>Accumulated depreciation:</u> | | |
| At the beginning of the period/year | 950,227 | 895,531 |
| Disposals | - | (4,981) |
| Charge for the period/year | 41,503 | 59,677 |
| At the end of the period/year | <u>991,730</u> | <u>950,227</u> |
| <u>Accumulated impairment:</u> | | |
| At the beginning of the period/year | 654,719 | 654,719 |
| Charge for the period/year | - | - |
| At the end of the period/year | <u>654,719</u> | <u>654,719</u> |
| <u>Net book value:</u> | | |
| At the end of the period/year | <u>592,090</u> | <u>623,329</u> |

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 Right of use

Property, plant, and equipment include the following right-of-use assets related to the Group's leases:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|-----------------------------|---|--|
| Right of use assets: | | |
| Land | 9,491 | 10,452 |
| Pipeline | 1,320 | 1,472 |
| Computers | 234 | 344 |
| Forklifts | 1,345 | 3,361 |
| Printers | 348 | - |
| | 12,738 | 15,629 |

The Group has recently changed its policy for acquiring movable PPE (vehicles, computers, forklifts & others) from buying to long-term lease basis.

Movement in right of use during the period is as follows:

| | September 30, 2023 (Unaudited) | December 31, 2021 (Audited) |
|----------------------------------|---|--|
| Opening balance | 15,629 | 10,755 |
| New ROU | 634 | 11,061 |
| Early Retirement of ROU | - | (613) |
| Depreciation for the period/year | (3,525) | (5,574) |
| Closing balance | 12,738 | 15,629 |

5. LOANS

Short term loans

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---|---|--|
| *Murabaha loans - National Bank of Kuwait | 46,449 | 10,339 |
| Tawarruq financing - Riyad Bank | 3,618 | 3,680 |
| Tawarruq financing – Saudi Awwal Bank | 13,285 | - |
| Total | 63,352 | 14,019 |

These facilities bear interest at a rate based on the Saudi Arabian Interbank Offered Rate "SIBOR" plus margin. These facilities are secured by corporate guarantees and promissory notes. In addition, the Group has incurred, during the period/year, an interest cost of SR 3.37 million (2022: 0.014 million) on short-term loans.

*In the subsequent period, on October 22, 2023, the company agreed with the National Bank of Kuwait to schedule the loan over two years to be repaid in equal installments every three months.

Long term loans

| | September 30, 2023 (Unaudited) | December 31, 2021 (Audited) |
|-------------------------------|---|--|
| SIDF Loan (note 5.1) | 419,305 | 438,813 |
| Tawarruq financing (note 5.2) | - | 7,940 |
| Murabaha loans (note 5.3) | - | 11,278 |
| | 419,305 | 458,031 |

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | | |
|--|-----------------------|-----------------------|
| Less: current portion | <u>(152,348)</u> | <u>(76,755)</u> |
| Long-term loans – non-current portion | <u>266,957</u> | <u>381,276</u> |

5. LOANS (continue)

5.1 SIDF Loan

This loan includes two loan tranches obtained from the Saudi Industrial Development Fund (SIDF) for the construction and expansion of the Epoxy and Hassad plant respectively.

SIDF loan covenants include maximum limits for capital expenditure and maintenance of certain financial ratios during the period of the loan. The loan is secured against the mortgage of the operating fixed assets of JANA.

5.2 Tawarruq financing

This loan was obtained from Jazira Bank and was initially repayable in 57 equal monthly installments of SR 2.7 million starting from January 31, 2018. However, in May 2020 the bank agreed to postpone the repayment of 6 installments and also revised the installment amounts as COVID-19 support. The total loan was repaid by March 16, 2023.

5.3 Murabaha loans

This loan includes three loan tranches obtained from Saudi Awwal Bank. The first tranche is repayable in 47 equal monthly installments of SR 0.75 million starting from March 26, 2018. The second tranche is repayable in 47 equal monthly installments of SR 1.06 million starting from March 12, 2018. The third tranche is repayable in 18 equal monthly installments of SR 1.61 million starting from February 28, 2022. as of september30,2023 The total loan was repaid by May 28, 2023.

6. LEASE LIABILITIES

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|---|--|
| Balance at the beginning of the period/year | 16,713 | 11,385 |
| Lease Liability Addition | 635 | 11,061 |
| Interest accrued during the period/year | 691 | 1,341 |
| Liability on Retired Lease reversed | - | (642) |
| Liabilities paid during the period/year | (4,170) | (6,432) |
| Balance at the end of the period/year | <u>13,869</u> | <u>16,713</u> |
| Less: current lease liabilities | <u>(2,878)</u> | <u>(4,060)</u> |
| Non-current lease liabilities | <u>10,991</u> | <u>12,653</u> |

7. ZAKAT

Outstanding assessment and zakat status:

The Group is subject to Zakat in accordance with the Zakat, Tax and Customs Authority (“ZATCA”) regulations. Zakat computation involves relevant knowledge and judgment of the Zakat rules and regulations to assess the impact of Zakat liability at a particular year-end. This liability is considered an estimate until the final assessment by ZATCA has been completed until which the Group retains exposure to additional Zakat liability. The management does not expect any additional liability more than the provisions made at the period's end.

During 2020, the company received the final zakat assessment relating to the year 2014 from ZATCA with an additional zakat liability of SAR 9.76 million. The company has submitted the appeal at the General Secretariat of the Tax and Appeal Committee (GSTC). The GSTC first level has decided the matter in favor of the Company, however, the second level of GSTC has decided the matter in favor of ZATCA and referred the case back to the GSTC first level for their review and consideration. GSTC review is awaited.

During 2020, the company received the final zakat assessments relating to years 2015 to 2018 from ZATCA with an additional zakat liability of SAR 18.16 million. The company has submitted the appeal at GSTC. The GSTC level one has issued a favorable ruling to ZATCA, and accordingly, NAMA has raised the appeal with the second level of GSTC. As per a recent notification from GSTC, the hearing session will be on 12 December 2023.

During 2021, the company received the final zakat assessments relating to years 2019 & 2020 with a total liability of SR 10.03 million out of which SR 2.51 was paid as requested by ZATCA. The company has submitted the appeal at GSTC.

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The GSTC level one has issued the ruling for the year 2019 partially in favor of NAMA. For the year 2020, the appeal has been decided in favor of ZATCA. For the year 2019, both ZATCA and NAMA have filed an appeal with the second level of GSTC. Similarly, for the year 2020 NAMA has filed an appeal with the second level of GSTC. As per a recent notification from GSTC, the hearing session will be on 03 December 2023.

8. CONTINGENCIES AND COMMITMENTS

The Group's outstanding contingencies and commitments were as follows:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--------------------------|---|--|
| Letters of credit (1) | 14,813 | 16,138 |
| Letters of guarantee (2) | 8,511 | 8,592 |

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties consist of subsidiaries, affiliates, the Board of Directors, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. The transactions are dealt with on mutually agreed terms and the terms and conditions of these transactions are approved by the Group's management. Transactions with key management personnel are as follows:

| | For the three months ended September 30, 2023 (Unaudited) | For the three months ended September 30, 2022 (Unaudited) | For the Nine months ended September 30, 2023 (Unaudited) | For the Nine months ended September 30, 2022 (Unaudited) |
|------------------------------------|--|--|---|---|
| Short term benefits | 1,244 | 1,280 | 3,706 | 3,913 |
| Employees' end-of-service benefits | 50 | 50 | 147 | 147 |
| Board remunerations | 830 | 675 | 2,191 | 2,106 |
| | 2,124 | 2,005 | 6,044 | 6,166 |

10. SEGMENTAL INFORMATION

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's unaudited sales, net (loss)/profit, assets, and liabilities by business segment, are as follows:

| | Epoxy resin products | Chlore Alkali products | Inter-Group eliminations | Others | Total |
|---|---------------------------------|---------------------------------------|-------------------------------------|---------------|--------------|
| For the Nine months ended September 30, 2023 | | | | | |
| Revenue | 213,558 | 204,952 | (80,428) | 6,421 | 344,503 |
| Net loss | (48,121) | (32,923) | (10,181) | (3,791) | (95,016) |
| Total assets | 517,503 | 432,752 | | 91,093 | 1,041,348 |
| Total liabilities | 323,083 | 349,500 | | 77,863 | 750,446 |
| For the Nine months ended September 30, 2022 | | | | | |
| Revenue | 302,432 | 257,348 | (115,448) | 15,666 | 459,998 |
| Net profit | 31,259 | 61,367 | (41,160) | 3,250 | 54,716 |
| Total assets | 573,053 | 459,982 | | 106,129 | 1,139,164 |
| Total liabilities | 362,563 | 337,644 | | 51,485 | 751,692 |

Reconciliation of net loss of operating segments

| | September 30, 2023 | September 30, 2022 |
|---|-------------------------------|-------------------------------|
| Segment (Loss) profit | (84,835) | 95,876 |
| Inter-segment (Loss) profit elimination | (10,181) | (41,160) |

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| | | |
|----------------------------------|-----------------|---------------|
| Net (Loss) profit for the period | (95,016) | 54,716 |
|----------------------------------|-----------------|---------------|

10. SEGMENTAL INFORMATION (continued)

Geographical Information

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries.

| | September 30, 2023 | September 30, 2022 |
|---------------------------|-------------------------------|-----------------------|
| Revenue | | |
| Saudi Arabia | 163,153 | 224,432 |
| Other countries | 181,350 | 235,566 |
| Total Revenue | 344,503 | 459,998 |
| Non-Current Assets | | |
| Saudi Arabia | 800,705 | 838,336 |

11. PROFIT PER SHARE

| | For the Nine- months ended September 30, 2023 (Unaudited) | For the Nine- months ended September 30, 2022 (Unaudited) |
|--|--|---|
| Net (loss) Profit for the period attributable to the shareholders of the Group | (95,016) | 54,716 |
| Average number of ordinary shares for the purposes of basic (loss) profit (in thousands) | 23,520 | 23,520 |
| Average number of ordinary shares for the purposes of diluted (loss) profit (in thousands) | 23,520 | 23,520 |
| (Loss) Profit per share | | |
| Basic (loss) profit per share | (4.040) | 2.326 |
| Diluted (loss) profit per share | (4.040) | 2.326 |

12. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system.

13. CAPITAL AND RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as the total of long-term finance and short-term borrowings. Total capital employed comprises shareholders' equity as shown in the consolidated statement of financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent). The salient information relating to the capital risk management of the Group as of September 30, 2023, is as follows;

The calculation of net debt was as follows;

| | |
|-------------------------------|----------------------|
| September 30, 2023 | December 31, 2022 |
|-------------------------------|----------------------|

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| | (Unaudited) | (Audited) |
|---------------------------|--------------------|------------------|
| Cash and cash equivalents | (10,255) | (9,318) |
| Borrowings | 482,657 | 472,050 |
| Lease liabilities | 13,869 | 16,713 |
| Net debt | 486,271 | 479,445 |

12. CAPITAL AND RISK MANAGEMENT (continue)

At the statement of financial position date, gearing ratio analysis by the management was as follows:

| | September 30, 2023 | December 31, 2022 |
|------------------------------|-------------------------------|------------------------------|
| | (Unaudited) | (Audited) |
| Total debt | 496,526 | 488,763 |
| Less: Cash and bank balances | (10,255) | (9,318) |
| Net debt | 486,271 | 479,445 |
| Total Equity | 290,902 | 385,976 |
| Total capital employed | 777,173 | 865,421 |
| Gearing ratio | 63% | 55% |

13. SIGNIFICANT SUBSEQUENT EVENTS

- NBK short term murabaha loan has been converted into medium term murabaha loan (during the month of Oct 2023) to be paid in 24 months to begin at the end of the 3rd month from the date of the facility agreement.
- On October 3, 2023, the company's management received a study prepared by an external expert regarding the impairment of JANA's property, plant, and equipment. The study concluded a partially reversal of the impairment of the company's property, plant, and equipment in the range of SR 399.3million to SR 479million (midpoint of SR 439.1 million). The management will evaluate the external expert's study and the assumption on which the study was prepared, and the extent to which the study complies with the requirements of the relevant International Financial Reporting Standards, to make the appropriate decision regarding whether or not to recognize a partially reverse of the impairment of JANA's property, plant, and equipment, and the timing and value of the reversal if the study is accepted by the company's management.

In the opinion of the management, there have been no other significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Consolidated Interim Financial Statements.

14. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved and authorized for issue by the Group's Board of Directors on November 8, 2023 corresponding to Rabi al-Thani 24, 1445H.