

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023

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

To the Shareholders of
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) and its subsidiaries (together "the Group's ") as of June 30, 2023 and the related condensed consolidated interim statements of profit or loss and the other comprehensive income, changes in equity, and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The Group's management is responsible for the preparation and presentation of this condensed consolidated Interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim 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 Statements Performed by the Independents Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi & Co.



Abdullah S. Al Msned
License No. (456)



Riyadh:
Muharram 23, 1445H
August 10, 2023G

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

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	610,948	638,958
Deferred cost		33,208	34,180
Investment properties		65,797	66,903
Long term prepaid employees' benefit		100,158	103,891
Total non-current assets		810,111	843,932
Current assets			
Inventories		117,643	128,078
Long Term Prepaid Employees' Benefit – Current Portion		5,753	5,753
Trade receivables		123,152	111,827
Advances, prepayments and other receivables		41,650	34,179
Cash and cash equivalents		19,167	9,318
Total current assets		307,365	289,155
TOTAL ASSETS		1,117,476	1,133,087
EQUITY AND LIABILITIES			
Equity			
Share capital		235,200	235,200
Statutory Reserve		6,435	6,435
Other reserves		(6,656)	(6,595)
Retained earnings		105,780	150,936
Total equity		340,759	385,976
LIABILITIES			
Non-current liabilities			
Long term loans – non-current portion	5	351,276	381,276
Employees' end of service benefits		34,972	34,968
Lease Liabilities - non-current Portion	6	10,822	12,653
Total non-current liabilities		397,070	428,897
Current liabilities			
Long term loans – current portion	5	70,471	76,755
Short term loans	5	75,066	14,019
Lease Liabilities – current Portion	6	3,524	4,060
Trade and other payables		170,874	167,694
Provision for zakat	7	6,858	7,659
Accrued expenses and other liabilities – current portion		52,854	48,027
Total current liabilities		379,647	318,214
Total liabilities		776,717	747,111
TOTAL EQUITY AND LIABILITIES		1,117,476	1,133,087
Contingencies and commitments	8		

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 SIX MONTH PERIODS ENDED JUNE 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Note</u>	<u>Period from April 1 to June 30,</u>		<u>Period from January 1 to June 30,</u>	
		<u>2023</u> <u>(Unaudited)</u>	<u>2022</u> <u>(Unaudited)</u>	<u>2023</u> <u>(Unaudited)</u>	<u>2022</u> <u>(Unaudited)</u>
Revenue		124,134	154,890	255,190	327,697
Cost of revenue		(127,540)	(103,508)	(255,687)	(224,275)
Gross (Loss) / profit		(3,406)	51,382	(497)	103,422
Selling and distribution expenses		(8,419)	(9,430)	(15,898)	(19,265)
General and administrative expenses		(10,436)	(11,145)	(20,982)	(20,561)
Operating (loss) / profit		(22,261)	30,807	(37,377)	63,596
Finance cost, net		(3,713)	(3,471)	(7,505)	(6,408)
Other income, net		200	(435)	527	3,351
(Loss) / profit before zakat		(25,774)	26,901	(44,355)	60,539
Zakat		(572)	(229)	(801)	(458)
Net (loss) / profit for the period		(26,346)	26,672	(45,156)	60,081
Other comprehensive 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		(63)	24	(61)	21
Other comprehensive (loss) / income for the period		(63)	24	(61)	21
Total comprehensive (loss) / income for the period		(26,409)	26,696	(45,217)	60,102
Earnings per share					
- Basic (SR)	11	(1.120)	1.134	(1.920)	2.554
- Diluted (SR)	11	(1.120)	1.134	(1.920)	2.554
Weighted average number of shares outstanding:					
- Basic ('000')	11	23,520	23,520	23,520	23,520
- Diluted ('000')	11	23,520	23,520	23,520	23,520

Chief Financial Officer

Chief Executive Officer

Chairman

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

	Share Capital	Statutory reserves	Other reserves	Retained earnings	Total equity
Balance at January 1, 2022 (Audited)	235,200	2,733	(5,744)	100,549	332,738
Net profit for the period	-	-	-	60,081	60,081
Other comprehensive profit for the period	-	-	21	-	21
Total comprehensive profit for the period	-	-	21	60,081	60,102
Balance at June 30, 2022 (unaudited)	235,200	2,733	(5,723)	160,630	392,840
Balance at January 1, 2023 (Audited)	235,200	6,435	(6,595)	150,936	385,976
Net Loss for the period	-	-	-	(45,156)	(45,156)
Other comprehensive loss for the period	-	-	(61)	-	(61)
Total comprehensive loss for the period	-	-	(61)	(45,156)	(45,217)
Balance at June 30, 2023 (unaudited)	235,200	6,435	(6,656)	105,780	340,759

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 SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	June 30, 2023	June 30, 2022
		(Unaudited)	
Cash flows from operating activities			
(Loss) / profit before zakat for the period		(44,355)	60,539
Adjustments for non-cash items:			
Depreciation on operating fixed assets		29,724	34,167
Amortisation of investment properties		1,106	1,106
Amortisation of deferred cost of villa development		971	972
Allowance / (reversal) for impairment of trade receivables		1,219	(964)
Provision for zakat		801	459
Finance cost, net		475	578
Settlement of Long-Term Prepaid Employee Benefits		3,732	6,888
Provision for employees' end of service benefits		1,485	1,503
		(4,842)	105,248
Working capital adjustments:			
Inventories		10,435	5,450
Trade receivables		(11,325)	(22,891)
Advances, prepayments and other receivables		(7,471)	(15,338)
Trade and other payables		3,178	(43,216)
Accrued expenses and other liabilities		2,181	20,762
Cash generated from operations		(7,844)	50,015
Zakat paid		(1,603)	(917)
Employees' end of service benefits paid		(1,481)	(1,212)
Net cash (used in) / generated from operating activities		(10,928)	47,886
Cash flows from investing activities			
Addition to property, plant and equipment	4	(1,965)	(2,759)
Net cash used in investing activities		(1,965)	(2,759)
Cash flows from financing activities			
Changes in short term loans		61,112	(3,739)
Lease liabilities settled	6	(3,321)	(3,776)
Repayment of long-term loans		(34,988)	(30,408)
Net cash generated from / (used in) financing activities		22,803	(37,923)
Net change in cash and cash equivalents		9,910	7,204
Exchange differences on translation of foreign operations		(61)	21
Cash and cash equivalents at January 01,		9,318	10,264
Cash and cash equivalents at June 30,		19,167	17,489

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 SIX MONTH PERIODS ENDED JUNE 30, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ORGANIZATION AND MAIN 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 72.2 million (2022: SR 29.1 million), also the net cash used in operation activities as of the reporting date was negative by SR 12 million (2022: Positive by SR 48 million).

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. Groups 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 condensed consolidated interim 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 has 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. As at June 30, 2023, 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 six-month period ended June 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. BASIS OF PREPARATION(Continued)

2.1 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.

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

2.2 Functional and presentation currency

These condensed consolidated interim financial statements is 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 year 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.

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New Standards, Amendments to Standards and Interpretations

There are no new standards issued, however, there are 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 condensed consolidated interim financial statements.

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.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Note</u>	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Operating fixed assets	4.1	597,170	623,329
Right of use assets	4.2	13,778	15,629
		610,948	638,958

4.1 Operating fixed assets

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<u>Cost:</u>		
At the beginning of the period / year	2,228,275	2,227,042
Additions	1,487	8,374
Disposals	-	(7,141)
At the end of the period / year	2,229,762	2,228,275
<u>Accumulated depreciation:</u>		
At the beginning of the period / year	950,227	895,531
Disposals	-	(4,981)
Charge for the period / year	27,646	59,677
At the end of the period / year	977,873	950,227
<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	654,719	654,719
<u>Net book value:</u>		
As at end of the period / year	597,170	623,329

NAMA CHEMICALS COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 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 relate to Group's leases:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Land	9,822	10,452
Pipeline	1,380	1,472
Computers	190	344
Forklifts	2,017	3,361
Printers	369	-
	13,778	15,629

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Opening balance	15,629	10,755
New ROU	479	11,061
Early retirement of ROU	-	(613)
Depreciation for the period / year	(2,330)	(5,574)
Closing balance	13,778	15,629

5. LOANS

Short term loans

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Murabaha loans - National Bank of Kuwait	59,973	10,339
Tawarruq financing - Riyadh Bank	3,618	3,680
Tawarruq financing – Saudi Awwal Bank	11,475	-
Total	75,066	14,019

These facilities bear interest at rate based on 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, interest cost of SR 2.20 million (2022: 0.014 million) on short term loans.

Long term loans

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
SIDF Loan (note 5.1)	418,525	438,813
Tawarruq financing (note 5.2)	-	7,940
Murabaha loans (note 5.3)	3,222	11,278
	421,747	458,031
Less: current portion	(70,471)	(76,755)
Long term loans – non-current portion	351,276	381,276

NAMA CHEMICALS COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. LOANS (continued)

5.1 SIDF Loan

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

SIDF loans 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.

According to the terms and conditions of the SIDF loans' agreement, the group has an option for early settlement, however the group is not intended to use this option during the agreed repayment period.

5.2 Tawarruq financing

This loan is 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 bank loan covenants include maintenance of certain financial ratios during the period of the loan. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes.

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.

6. LEASE LIABILITIES

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of period / year	16,713	11,385
Lease Liability Addition	479	11,061
Interest accrued during the period / year	475	1,341
Liability on Retired Lease reversed	-	(642)
Liabilities paid during the period / year	(3,321)	(6,432)
Balance at the end of period / year	14,346	16,713
Less: current lease liabilities	(3,524)	(4,060)
Non-current lease liabilities	10,822	12,653

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 period end.

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

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issued favorable ruling to ZATCA, and accordingly NAMA has raised the appeal with the second level of GSTC. As per recent notification from GSTC, the hearing session will be on 12 December 2023.

7. ZAKAT (continued)

During 2021, the company received the final zakat assessments relating to years 2019 & 2020 with total liability of SR 10.03 million out of which SR 2.51 paid as requested by ZATCA. The company has submitted the appeal at GSTC. 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 has filed the appeal with second level of GSTC. Similarly for the year 2020 NAMA has filed the appeal with second level of GSTC. As per 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:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Letters of credit	<u>27,162</u>	<u>16,138</u>
Letters of guarantee	<u>8,511</u>	<u>8,592</u>

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties consist of subsidiaries, affiliates, 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 on these transactions are approved by the Group's management.

Transactions with key management personnel are as follows:

	For the three months ended June 30,2023 (Unaudited)	For the three months ended June 30,2022 (Unaudited)	For the Six months ended June 30,2023 (Unaudited)	For the six months ended June 30,2022 (Unaudited)
Short term benefits	<u>1,197</u>	1,466	<u>2,364</u>	2,633
Employees' end of service benefits	<u>50</u>	48	<u>98</u>	97
Board remunerations	<u>1,361</u>	704	<u>1,986</u>	1,432
	<u>2,608</u>	2,218	<u>4,448</u>	4,162

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

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	Chloe Alkali products	Inter-Group eliminations	Others	Total
For the six-month ended June 30, 2023					
Revenue	148,443	157,195	(56,837)	6,389	255,190
Net (loss)/profit	(28,205)	(7,745)	(9,068)	(138)	(45,156)
Total assets	563,996	451,949	-	101,531	1,117,476
Total liabilities	338,105	350,584	-	88,028	776,717
For the six-month ended June 30, 2022					
Revenue	220,359	175,141	(78,252)	10,449	327,697
Net profit	36,081	53,874	(32,130)	2,256	60,081
Total assets	580,547	474,888	-	104,622	1,160,057
Total liabilities	370,451	334,420	-	62,346	767,217

Reconciliation of net loss of operating segments

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Segment (loss) / profit	(36,088)	92,211
Less: Inter-segment (loss) / profit elimination	(9,068)	(32,130)
Net (loss) / profit for the period	(45,156)	60,081

Geographical Information

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

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Revenue		
Saudi Arabia	119,118	154,323
Other countries	136,072	173,374
Total Revenue	255,190	327,697
Non-Current Assets		
Saudi Arabia	810,111	1,160,057

11. (LOSS) / PROFIT PER SHARE

	For the Six- months ended June 30, 2023 (Unaudited)	For the Six- months ended June 30, 2022 (Unaudited)
Net (Loss) / Profit for the period attributable to the shareholders of the Group	(45,156)	60,081
Average number of ordinary shares for the purposes of basic loss (in thousands)	23,520	23,520
Average number of ordinary shares for the purposes of diluted loss (in thousands)	23,520	23,520
(Loss) / Profit per share		
Basic (loss) / profit per share	(1.920)	2.554
Diluted (loss) / profit per share	(1.920)	2.554

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 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 capital risk management of the Group as of June 30, 2023 is as follows;

The calculation of net debt was as follows;

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash and cash equivalents	(19,167)	(9,318)
Borrowings	498,173	472,050
Lease liabilities	14,346	16,713
Net debt	493,352	479,445

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Total debt	512,519	488,763
Less: Cash and bank balances	(19,167)	(9,318)
Net debt	493,352	479,445
Total Equity	340,759	385,976
Total capital employed	834,111	865,421
Gearing ratio	59%	55%

14. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Interim condensed consolidated financial statements.

15. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved and authorized for issue by the Group's Board of Directors on August 10, 2023 corresponding to Muharram 23, 1445H.