

Sahara International Petrochemical Company
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month period ended 31 March 2022
With Independent Auditor's Review Report

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

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KPMG Professional Services

16th Floor, Al Barghash Tower
6189 Prince Turkey Road, Al Kurnaish
P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرعش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Sahara International Petrochemical Company

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of Sahara International Petrochemical Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2022;
- the condensed consolidated income statement for the three month period ended 31 March 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022;
- and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' 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 Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مملوكة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي منفوخ بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والناتجة لـ كي بي إم جي العالمية المحدودة، شركة الحليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Sahara International Petrochemical Company (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 condensed consolidated interim financial statements of Sahara International Petrochemical Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services



Abdulaziz Abdullah Alnaim
License No: 394



Al Khobar

Date: 19 April, 2022

Corresponding to: 18 Ramadan, 1443H

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

| | Notes | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|-------|------------------------------|-------------------------------|
| <u>Assets</u> | | | |
| <u>Non-current assets</u> | | | |
| Property, plant and equipment | 6 | 12,150,375 | 12,218,031 |
| Right-of-use assets | | 118,739 | 120,128 |
| Intangible assets | | 594,399 | 606,185 |
| Goodwill | | 630,483 | 630,483 |
| Investments in a joint venture and associates | 7 | 4,079,127 | 3,963,423 |
| Long term investments | | 229,748 | 251,896 |
| Deferred tax assets | | 2,177 | 2,177 |
| Long term prepaid employees' benefits | | 701,398 | 728,614 |
| Other non-current assets | | 37,907 | 37,583 |
| Total non-current assets | | 18,544,353 | 18,558,520 |
| <u>Current assets</u> | | | |
| Inventories | | 1,290,619 | 1,145,427 |
| Trade receivables | 11 | 1,448,000 | 1,862,415 |
| Prepayments and other current assets | | 251,581 | 227,367 |
| Short term investments | | 70,279 | 20,223 |
| Cash and cash equivalents | | 3,695,457 | 2,690,390 |
| Total current assets | | 6,755,936 | 5,945,822 |
| Total assets | | 25,300,289 | 24,504,342 |
| <u>Equity and Liabilities</u> | | | |
| Share capital | | 7,333,333 | 7,333,333 |
| Share premium | | 4,134,529 | 4,134,529 |
| Treasury shares | | (67,949) | (67,949) |
| Statutory reserve | | 1,612,121 | 1,612,121 |
| Other reserves | | (436,544) | (440,866) |
| Retained earnings | | 3,092,799 | 2,013,981 |
| Equity attributable to the owners of the Company | | 15,668,289 | 14,585,149 |
| Non-controlling interests | | 1,136,198 | 1,110,469 |
| Total equity | | 16,804,487 | 15,695,618 |
| <u>Liabilities</u> | | | |
| <u>Non-current liabilities</u> | | | |
| Long term bank loans and borrowings | 8 | 4,486,949 | 4,721,472 |
| Long term advances from non-controlling shareholders | 8 | 55,433 | 54,802 |
| Contractual liabilities | | 169,458 | 170,614 |
| Lease liabilities | | 153,580 | 154,157 |
| Employees' benefits | | 585,312 | 574,097 |
| Deferred tax liabilities | | 55,417 | 55,417 |
| Decommissioning liability | | 135,078 | 133,408 |
| Other non-current liabilities | | 8,556 | 8,556 |
| Total non-current liabilities | | 5,649,783 | 5,872,523 |

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

| | <u>Notes</u> | <u>31 March 2022 (Unaudited)</u> | <u>31 December 2021 (Audited)</u> |
|--|--------------|--------------------------------------|---------------------------------------|
| <u>Current liabilities</u> | | | |
| Current portion of long term bank loans and borrowings | 8 | 450,070 | 582,820 |
| Short term loan | 8 | 70,000 | 70,000 |
| Current portion of contractual liabilities | | 7,156 | 9,686 |
| Current portion of lease liabilities | | 10,744 | 10,744 |
| Trade and other payables | | 148,766 | 312,333 |
| Accrued expenses and other current liabilities | | 1,542,590 | 1,387,741 |
| Zakat and income tax payable | 5 | 616,693 | 562,877 |
| Total current liabilities | | 2,846,019 | 2,936,201 |
| Total liabilities | | 8,495,802 | 8,808,724 |
| Total equity and liabilities | | 25,300,289 | 24,504,342 |

The condensed consolidated interim financial statements appearing on pages 1 to 22 were approved by the Board of Directors of the Company on 17 Ramadan 1443H (corresponding to 18 April 2022) and have been signed on their behalf by:



Khalid Abdullah Al- Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer




Rushdi Khalid Al-Dulajjan
Vice President, Finance

The accompanying notes 1 through 14 appearing on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

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**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

| | <u>Notes</u> | <u>31 March 2022 (Unaudited)</u> | <u>31 March 2021 (Unaudited)</u> |
|--|--------------|--------------------------------------|--------------------------------------|
| Revenue | 3 | 2,409,475 | 2,030,975 |
| Cost of sales | | <u>(1,026,570)</u> | <u>(1,074,915)</u> |
| Gross profit | | 1,382,905 | 956,060 |
| Selling and distribution expenses | | <u>(121,102)</u> | (103,062) |
| General and administrative expenses | | <u>(113,683)</u> | (119,728) |
| Operating profit | | 1,148,120 | 733,270 |
| Share of profit from a joint venture and associates | | 115,704 | 85,887 |
| Finance income | | 12,666 | 4,441 |
| Finance cost | | <u>(60,281)</u> | (91,567) |
| Other income/(expenses), net | 12 | <u>2,349</u> | <u>(238,971)</u> |
| Profit before Zakat and income tax | | 1,218,558 | 493,060 |
| Zakat and income tax expense | | <u>(53,818)</u> | (42,109) |
| Profit for the period | | <u>1,164,740</u> | <u>450,951</u> |
| Profit attributable to: | | | |
| Equity holders of the Company | | 1,078,818 | 411,465 |
| Non-controlling interests | | <u>85,922</u> | <u>39,486</u> |
| Profit for the period | | <u>1,164,740</u> | <u>450,951</u> |
| Earnings per share: | | | |
| Basic and diluted earnings per share attributable to the equity holders of the Company presented in Saudi Riyals | 13 | <u>1.48</u> | <u>0.57</u> |


Khalid Abdullah Al-Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer


Rusdi Khalid Al-Dulaijan
Vice President, Finance

The accompanying notes 1 through 14 appearing on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

| | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|--|------------------------------|------------------------------|
| Profit for the period | 1,164,740 | 450,951 |
| Other comprehensive income | | |
| <i>Items that will be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange difference on translation of foreign operations | (95) | (123) |
| Changes in fair value of derivative financial instruments designated as hedge | - | (56) |
| <i>Items that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Changes in the fair value of financial assets at fair value through other comprehensive income | 3,238 | 8,048 |
| Total other comprehensive income for the period | 3,143 | 7,869 |
| Total comprehensive income for the period | 1,167,883 | 458,820 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 1,081,961 | 419,334 |
| Non-controlling interests | 85,922 | 39,486 |
| Total comprehensive income for the period | 1,167,883 | 458,820 |


Khalid Abdullah Al-Zamil
Chairman of the Board


Abdullah Saif Al-Saadoon
Chief Executive Officer


Rushdi Khalid Al-Dulaijan
Vice President, Finance

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**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

| Attributable to the owners of the Company | | | | | | | | | |
|---|------------------|------------------|--------------------|----------------------|-------------------|---------------------------------|------------|---------------------------------|------------|
| | | | | | | Non- controlling interest | | Total | |
| | Share Capital | Share premium | Treasury shares | Statutory reserve | Other reserves | Retained earnings | Total | Non- controlling interest | Total |
| As at 1 January 2022 (Audited) | 7,333,333 | 4,134,529 | (67,949) | 1,612,121 | (440,866) | 2,013,981 | 14,585,149 | 1,110,469 | 15,695,618 |
| Profit for the period (Unaudited) | - | - | - | - | - | 1,078,818 | 1,078,818 | 85,922 | 1,164,740 |
| Other comprehensive income (Unaudited) | - | - | - | - | 3,143 | - | 3,143 | - | 3,143 |
| Total comprehensive income (Unaudited) | - | - | - | - | 3,143 | 1,078,818 | 1,081,961 | 85,922 | 1,167,883 |
| Net change in other reserves (Unaudited) | - | - | - | - | 1,179 | - | 1,179 | - | 1,179 |
| Dividends (Unaudited) | - | - | - | - | - | - | - | (60,193) | (60,193) |
| As at 31 March 2022 (Unaudited) | 7,333,333 | 4,134,529 | (67,949) | 1,612,121 | (436,544) | 3,092,799 | 15,668,289 | 1,136,198 | 16,804,487 |

| Attributable to the owners of the Company | | | | | | | | | |
|---|------------------|------------------|--------------------|----------------------|-------------------|---------------------------------|------------|---------------------------------|------------|
| | | | | | | Non- controlling interest | | Total | |
| | Share capital | Share premium | Treasury shares | Statutory reserve | Other reserves | Retained earnings | Total | Non- controlling interest | Total |
| As at 1 January 2021 (Audited) | 7,333,333 | 4,145,053 | (59,990) | 1,252,936 | (82,178) | 397,522 | 12,986,676 | 849,200 | 13,835,876 |
| Profit for the period (Unaudited) | - | - | - | - | - | 411,465 | 411,465 | 39,486 | 450,951 |
| Other comprehensive income (Unaudited) | - | - | - | - | 7,869 | - | 7,869 | - | 7,869 |
| Total comprehensive income (Unaudited) | - | - | - | - | 7,869 | 411,465 | 419,334 | 39,486 | 458,820 |
| Additional share capital, net (Unaudited) | - | - | - | - | - | - | - | 23,000 | 23,000 |
| Repurchase of treasury shares (Unaudited) | - | (10,524) | (9,864) | - | - | - | (20,388) | - | (20,388) |
| Net change in other reserves (Unaudited) | - | - | - | - | (352,755) | - | (352,755) | 354,429 | 1,674 |
| Dividends (Unaudited) | - | - | - | - | - | - | - | (97,279) | (97,279) |
| As at 31 March 2021 (Unaudited) | 7,333,333 | 4,134,529 | (69,854) | 1,252,936 | (427,064) | 808,987 | 13,032,867 | 1,168,836 | 14,201,703 |


Khalid Abdullah Al-Zamil
Chairman of the Board


Abdullah Saif Al-Saadood
Chief Executive Officer


Rushdi Khand Al-Dulajjan
Vice President, Finance

The accompanying notes 1 through 14 appearing on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

| | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|---|------------------------------|------------------------------|
| Cash flow from operating activities | | |
| Profit before Zakat and income tax for the period | 1,218,558 | 493,060 |
| <i>Non-cash adjustments to reconcile profit before Zakat and income tax to net cash flow generated from operating activities:</i> | | |
| Depreciation of property, plant and equipment | 183,795 | 194,593 |
| Depreciation of right-of-use assets | 1,389 | 940 |
| Impairment loss | - | 260,000 |
| Amortization of intangible assets and deferred costs | 28,936 | 20,877 |
| Amortization of contractual liabilities | (3,686) | (3,686) |
| Gain on sale of precious metal | - | (14,247) |
| Share of profit from a joint venture and associates | (115,704) | (85,887) |
| Provision for employees' benefits | 17,068 | 19,861 |
| Net foreign exchange difference | (492) | 481 |
| Finance income | (7,847) | (4,441) |
| Finance cost | 60,281 | 91,567 |
| | 1,382,298 | 973,118 |
| Changes in: | | |
| Trade receivables | 414,415 | (338,819) |
| Inventories | (145,192) | (50,389) |
| Prepayments and other current assets | (23,259) | (342,973) |
| Accrued expenses, trade and other payables | 14,720 | 494,635 |
| Proceeds under home ownership program | 20,194 | 73,865 |
| Cash flows from operations | 1,663,176 | 809,437 |
| Employee benefits paid | (8,482) | (72,542) |
| Zakat and income tax paid | - | (2,447) |
| Net cash generated from operating activities | 1,654,694 | 734,448 |
| Cash flow from investing activities | | |
| Additions to property, plant and equipment | (116,139) | (111,956) |
| Additions to long term prepaid employees' benefits, net | - | (3,319) |
| Additions to Intangibles | (10,497) | - |
| Movement in long- and short-term investments, net | (21,121) | 12,057 |
| Finance income received | 6,892 | 5,769 |
| Sale proceed from disposal of precious metals | - | 14,893 |
| Net cash used in investing activities | (140,865) | (82,556) |

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

| | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|--|--|-------------------------------------|
| Cash flow from financing activities | | |
| Proceeds from long-term loans and borrowings | - | 700,000 |
| Repayment of long-term loans and borrowings | (374,485) | (962,149) |
| Net change in advances from non-controlling shareholders | 631 | 631 |
| Movement in treasury shares, net | - | (9,864) |
| Movement in share premium | - | (10,524) |
| Movement in non-controlling interests | - | 23,000 |
| Dividend to non-controlling interests | (60,193) | (97,279) |
| Interest paid | (73,570) | (56,208) |
| Payment of lease liabilities | (1,542) | (1,552) |
| Net cash used in financing activities | (509,159) | (413,945) |
| Net change in cash and cash equivalents | 1,004,670 | 237,947 |
| Cash and cash equivalents at 1 January | 2,690,390 | 2,496,871 |
| Effect of exchange rate fluctuations | 397 | (604) |
| Cash and cash equivalents at 31 March | 3,695,457 | 2,734,214 |


Khalid Abdullah Al-Zamil
Chairman of the Board


Abdullah Saif Al-Saadoon
Chief Executive Officer


Rushdi Khalid Al-Dulaijan
Vice President, Finance

The accompanying notes 1 through 14 appearing on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

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**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

1. CORPORATE INFORMATION

Sahara International Petrochemical Company "Sipchem" or "the Company", (formerly Saudi International Petrochemical Company), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial registration number 1010156910 dated 14 Ramadan 1420H, corresponding to 22 December 1999.

The Company's head office is in the city of Riyadh with a branch in Al-Khobar, where the headquarters for the executive management is located, which is registered under commercial registration number 2051023922 dated 30 Shawwal 1420H, corresponding to 6 February 2000, and another branch in Jubail Industrial City which is registered under commercial registration number 2055007570 dated 4 Jumada Al-Awal, 1427H, corresponding to 1 June 2006.

The principal activities of the Company are to own, establish, operate and manage industrial projects especially those related to chemical and petrochemical industries. The Company incurs costs on projects under development and subsequently establishes a separate Company for each project that has its own commercial registration. Costs incurred by the Company are transferred to the separate companies when they are established.

Economic environment and its effects on business:

On 11 March 2020, the World Health Organization declared COVID-19 coronavirus outbreak to be a pandemic. Consequently, asset prices became more volatile and a marked decline was seen in long-term interest rates in developed economies. These circumstances impacted FY2020 and resulted in a decrease in sales, net income, EBIT, free cash flow and other financial metrics.

Sipchem, in response to these developments, implemented active prevention programs at its sites and devised contingency plans in order to minimize the risks related to COVID-19 and to continue business operations, ensuring the health and safety of its employees, customers, contractors and wider community. During Q1 2022 & FY 2021, Sipchem is recovering well from these impacts and the future outlook looks very promising in relation to sales, net income, EBIT, free cash flow and other financial metrics.

Sipchem has also taken required measures during FY2020, FY 2021 & Q1 2022 as well to counter the impact and to minimize challenges from COVID-19 coronavirus outbreak.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

1. CORPORATE INFORMATION (continued)

As of 31 March, the Company had the following subsidiaries (the Company and its subsidiaries hereinafter referred to as "the Group"):

| Subsidiaries | Effective ownership percentage at 31 March | |
|--|--|--------|
| | 2022 | 2021 |
| Sahara Petrochemicals Company ("Sahara") | 100% | 100% |
| International Methanol Company ("IMC") | 65% | 65% |
| International Diol Company ("IDC") | 100% | 95.65% |
| International Acetyl Company ("IAC") | 97% | 89.52% |
| International Vinyl Acetate Company ("IVC") | 97% | 89.52% |
| International Gases Company ("IGC") | 97% | 97% |
| Sipchem Marketing Company ("SMC") | 100% | 100% |
| Sahara Marketing Company ("SaMC") | 100% | 100% |
| International Utility Company ("IUC") | 91.20% | 87.34% |
| International Polymers Company ("IPC") | 75% | 75% |
| Sipchem Chemical Company ("SCC") | 100% | 100% |
| Sipchem Europe Cooperative U.A | 100% | 100% |
| Sipchem Europe B.V. | 100% | 100% |
| Sipchem Europe SA (Formerly Aectra SA) | 100% | 100% |
| Gulf Advance Cable Insulation Company ("GACI") (1.1) | 50% | 50% |
| Saudi Specialized Products Company ("SSPC") | 100% | 100% |
| Sipchem Asia PTE Ltd. (1.2) | 100% | 100% |
| Saudi Advanced Technologies Company ("SAT") (1.3) | 100% | 100% |

The principal activity of Sahara is investing in industrial projects, especially in the petrochemicals and chemical fields and to own and execute projects necessary to supply raw materials and utilities.

The principal activity of IMC is the manufacturing and sale of methanol. IMC commenced its commercial operations in 2004.

The principal activity of IDC is the manufacturing and sale of maleic anhydride, butanediol and tetra hydro furan. IDC commenced its commercial operations in 2006. During 2021, Sipchem ownership in IDC has been increased from 53.91% to 100%, by purchasing the interest from non-controlling shareholders.

The principal activities of IAC and IVC are the manufacturing and sale of acetic acid and vinyl acetate monomer respectively. IAC and IVC commenced their commercial operations in 2010. In 2009, one of the shareholders of IAC and IVC contributed less than required contribution towards shareholders' advances, as a result, the Group's effective percentage of interest in both the companies increased by 2.52%. In 2016, the Group acquired an additional 11% shares from a minority shareholder in each of IAC and IVC, increasing its effective ownership from 78.52% to 89.52%. During 2021, Sipchem acquired additional shares from a minority shareholder in each of IAC and IVC which increased Sipchem's ownership to 97%.

The principal activity of IGC is the manufacturing and sale of carbon monoxide. IGC commenced its commercial operations in June 2010.

The principal activities of SMC and SaMC are to provide marketing services for the products manufactured by the Group Companies and other petrochemical products.

The principal activity of IUC is to provide industrial utilities to the Group companies.

The principal activity of IPC is to manufacture and sell low-density polyethylene (LDPE), polyvinyl acetate (PVAC) and polyvinyl alcohol (PVA). IPC commenced its commercial operations in 2015.

The principal activity of SCC is the manufacture and sale of ethyl acetate, butyl acetate and polybutylene terephthalate. The ethyl acetate plant commenced its commercial operations in 2013 while Polybutylene Terephthalate Plant (PBT) commenced its commercial operations in 2018.

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

1. CORPORATE INFORMATION (continued)

The principal activities of Sipchem Europe Cooperative U.A and its 100% owned subsidiaries including Sipchem Europe B.V. and Sipchem Europe SA are to provide marketing and distribution services of petrochemical products of the Company.

The principal activity of Sipchem Asia pte Ltd is to act as a marketing agent and coordinator for sales of the Company's products.

The principal activity of GACI is the manufacture and sale of cross-linked polyethylene and electrical connecting wire products. GACI commenced its commercial operations in 2015.

The principal activity of SSPC is the manufacture and sale of metal moulds and related services as well as production of Ethylene-Vinyl Acetate "EVA" films. Tool Manufacturing facility commenced commercial operations in 2016. The EVA film plant has commenced commercial operations in 2019.

1.1. The Group has only a 50% share in GACI. However, pursuant to the shareholders agreement, the control over the relevant activities and the operations of Gulf Advanced Cable Insulation Company are with the Group. Accordingly, the investee company is treated as a subsidiary of the Group.

1.2. The investee company was incorporated in 2013 in Singapore. Its Article of Association is dated 13 Jumada Al-Awal, 1434H, corresponding to 25 March 2013. The principal activity of the Company is to provide marketing services for the products manufactured by the Group.

1.3. The principal activity of SAT is the manufacturing of metal equipment and spare parts. The Tool Manufacturing Factory ("TMF") plant has started commercial operations in 2016 and was transferred from SSPC to SAT in 2020.

1.4. Joint operation

The Company, through its subsidiary Sahara, holds 75% equity interest in Al-Waha Petrochemicals Company ("Al-Waha"), a Joint operation which is primarily involved in manufacturing of Polypropylene.

1.5. Equity accounted investees

The Company, through its subsidiary Sahara, holds 50% equity interest in Sahara and Ma'aden Petrochemicals Company ("SAMAPCO"), a Joint Venture which is primarily involved in manufacturing of Caustic Soda and Ethyl di-Chloride.

The Company, through its subsidiary Sahara, also holds equity interests in following associates which are primarily involved in manufacturing of petrochemical products:

| | Effective ownership percentage at 31 March | |
|--|---|--------|
| | 2022 | 2021 |
| Tasnee and Sahara Olefins Company ("TSOC") | 32.55% | 32.55% |
| Saudi Acrylic Acid Company ("SAAC") | 43.16% | 43.16% |
| Khair Inorganic Chemicals Industries Company ("Inochem") | 30.00% | 30.00% |

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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ("Last Annual Financial Statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, changes in accounting policies and selected explanatory notes (if any) are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

2.2. Basis of preparation

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the condensed consolidated statement of financial position:

- Investment in certain equity securities and certain financial assets measured at fair value;
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method; and
- Derivative financial instruments that are measured at fair value.

2.3. Use of judgements and estimates

In preparing these 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.

2.4. Basis of consolidation

The interim financial statements comprise the consolidated interim financial statements of the Company and its subsidiaries (Note 1) for the period ended 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed off the related assets or liabilities.

Non-Controlling Interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as an equity transactions.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.5. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2021.

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2.6. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES DUE TO NEW STANDARDS

A. Newly effective standards for 01 Jan 2022 to 31 Dec 2022

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16), effective for annual periods beginning on or after 1 April 2021.
- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37), effective for annual periods beginning on or after 1 January 2022.
- Annual Improvements to IFRS Standards 2018-2020, effective for annual periods beginning on or after 1 January 2022.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective for annual periods beginning on or after 1 January 2022.
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective for annual periods beginning on or after 1 January 2022.

B. Standards available for early adoption

- IFRS 17 Insurance Contracts, effective for annual periods beginning on or after 1 January 2023.
- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 17, effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023.
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes), effective for annual periods beginning on or after 1 January 2023.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) with effective annual period yet to be determined.

The above-mentioned IFRSs are not expected to have a significant impact on the condensed consolidated interim financial statements of the Group.

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3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's operations and main revenue streams are those described in the last annual financial statements.

i) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

| | <u>31 March 2022</u> <u>(Unaudited)</u> | <u>31 March 2021</u> <u>(Unaudited)</u> |
|---|--|--|
| Primary geographical markets | | |
| Foreign countries | 2,229,743 | 1,904,601 |
| Saudi Arabia | 179,732 | 126,374 |
| | <u>2,409,475</u> | <u>2,030,975</u> |
| Major products/service lines | | |
| Petrochemical products | 2,406,431 | 2,023,573 |
| Product on contract basis - specialized products, tools etc | 3,044 | 7,402 |
| | <u>2,409,475</u> | <u>2,030,975</u> |
| Timing of revenue recognition | | |
| Product transferred at a point in time | 2,406,431 | 2,023,573 |
| Product transferred over time | 3,044 | 7,402 |
| | <u>2,409,475</u> | <u>2,030,975</u> |

ii) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

| | <u>31 March 2022</u> <u>(Unaudited)</u> | <u>31 December 2021</u> <u>(Audited)</u> |
|---|--|---|
| Receivables included in trade receivables | 1,438,880 | 1,854,512 |
| Contract assets included in trade receivables | 9,120 | 7,903 |
| Contract liabilities | 176,614 | 180,300 |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Details of balances due from related parties are included in Note 11. The contractual liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on satisfaction of performance obligation.

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4. SEGMENT INFORMATION

The Group has the following operating segments:

- **Basic chemicals**, which includes Methanol, Butane products and Carbon monoxide.
- **Intermediate chemicals**, which includes Acetic acid, Vinyl acetate monomer, Ethyl acetate, Butyl acetate, and utilities.
- **Polymers**, which includes Low-density polyethylene, polyvinyl acetate, polyvinyl alcohol, Polybutylene terephthalate, and electrical connecting wire products. This segment also includes polypropylene.
- **Marketing**, which includes trading revenues of Sipchem Marketing Company and its foreign subsidiaries as defined in Note 1.
- **Corporate and others**, which includes Sipchem, EVA films and Tool manufacturing plant. This segment also includes Sahara's enabling functions and support activities.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in these consolidated financial statements.

| Period ended 31 March 2022 (Unaudited) | Basic chemicals | Intermediate chemicals | Polymers | Marketing | Corporate and others | Consolidation elimination | Total |
|---|-----------------|------------------------|----------------|------------------|----------------------|---------------------------|------------------|
| <i>Revenue</i> | | | | | | | |
| External customers | 770,729 | 788,895 | 692,791 | 154,016 | 3,044 | - | 2,409,475 |
| Inter-segment | 130,754 | 387,154 | - | 1,778,983 | - | (2,296,891) | - |
| Total revenue | 901,483 | 1,176,049 | 692,791 | 1,932,999 | 3,044 | (2,296,891) | 2,409,475 |
| Gross profit / (loss) | 675,680 | 491,084 | 188,366 | 81,601 | (6,305) | (47,521) | 1,382,905 |
| Operating profit / (loss) | 592,250 | 432,551 | 112,942 | 69,055 | (23,691) | (34,987) | 1,148,120 |
| Share of profit from associates and joint venture | - | - | - | - | 115,704 | - | 115,704 |
| Profit before Zakat and tax | 582,320 | 412,180 | 98,486 | 68,821 | 119,076 | (62,325) | 1,218,558 |
| Total assets | 3,962,243 | 6,144,156 | 7,171,966 | 1,941,566 | 27,986,620 | (21,906,262) | 25,300,289 |
| Total liabilities | 1,600,193 | 1,681,638 | 3,162,127 | 1,466,341 | 4,877,398 | (4,291,895) | 8,495,802 |
| Capital expenditure | 4,104 | 8,912 | 59,165 | 116 | 43,842 | - | 116,139 |

| Period ended 31 March 2021 (Unaudited) | Basic chemicals | Intermediate chemicals | Polymers | Marketing | Corporate and others | Consolidation elimination | Total |
|---|-----------------|------------------------|----------------|------------------|----------------------|---------------------------|------------------|
| <i>Revenue</i> | | | | | | | |
| External customers | 548,798 | 528,923 | 811,403 | 134,450 | 7,401 | - | 2,030,975 |
| Inter-segment | 99,318 | 233,104 | 17,387 | 1,322,120 | - | (1,671,929) | - |
| Total revenue | 648,116 | 762,027 | 828,790 | 1,456,570 | 7,401 | (1,671,929) | 2,030,975 |
| Gross profit / (loss) | 381,884 | 233,107 | 310,694 | 61,566 | (3,488) | (27,703) | 956,060 |
| Operating profit / (loss) | 310,275 | 172,470 | 245,633 | 48,149 | (21,935) | (21,322) | 733,270 |
| Share of profit from associates and joint venture | - | - | - | - | 85,887 | - | 85,887 |
| Profit / (loss) before Zakat and tax | 290,523 | 152,247 | (48,093) | 48,246 | 146,679 | (96,542) | 493,060 |
| Total assets | 3,999,330 | 5,447,042 | | 1,735,393 | 25,231,640 | (19,260,927) | 24,382,254 |
| Total liabilities | 2,766,146 | 2,400,313 | 3,230,106 | 1,284,973 | 5,460,921 | (4,961,908) | 10,180,551 |
| Capital expenditure | 15,790 | 57,781 | 10,382 | 2 | 28,001 | - | 111,956 |

Revenue based on geographical information

| | Saudi Arabia | Foreign countries | Total |
|---|--------------|-------------------|-----------|
| <u>Revenue from external customers</u> | | | |
| 31 March 2022 | 179,732 | 2,229,743 | 2,409,475 |
| 31 March 2021 | 126,374 | 1,904,601 | 2,030,975 |

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4. SEGMENT INFORMATION (continued)

Revenue by geography and segment

| | For the period ended 31 March 2022 (Unaudited) | | | | | Total |
|----------------------|--|------------------------|----------------|----------------|----------------------|------------------|
| | Basic chemicals | Intermediate chemicals | Polymers | Marketing | Corporate and others | |
| Revenue: | | | | | | |
| Foreign countries | 745,013 | 788,895 | 692,791 | - | 3,044 | 2,229,743 |
| Saudi Arabia | 25,716 | - | - | 154,016 | - | 179,732 |
| Total revenue | 770,729 | 788,895 | 692,791 | 154,016 | 3,044 | 2,409,475 |

| | For the period ended 31 March 2021 (Unaudited) | | | | | Total |
|----------------------|--|------------------------|----------------|----------------|----------------------|------------------|
| | Basic chemicals | Intermediate chemicals | Polymers | Marketing | Corporate and others | |
| Revenue: | | | | | | |
| Foreign countries | 466,754 | 528,923 | 795,466 | 106,057 | 7,401 | 1,904,601 |
| Saudi Arabia | 82,044 | - | 15,937 | 28,393 | - | 126,374 |
| Total revenue | 548,798 | 528,923 | 811,403 | 134,450 | 7,401 | 2,030,975 |

5. ZAKAT AND INCOME TAX

Outstanding assessments:

Details of outstanding assessments of the Group are the same as disclosed in Group's last annual financial statements for the year ended 31 December 2021 except for the following:

Sahara International Petrochemical Company

During Q1 2022, Sipchem successfully registered the appeal case for the years 2009-2010 with GSTC and awaits review.

International Methanol Company (IMC)

During Q1 2022, IMC has successfully submitted appeal memo against ZATCA viewpoints for the years 2003-2010 with GSTC and awaits review.

International Gases Company (IGC)

During Q1 2022, IGC submitted appeal with ZATCA against the assessment for the year 2018. ZATCA has rejected the IGC's appeal and subsequently IGC escalated the appeal with GSTC. GSTC review is awaited.

Saudi Specialized Products Company (SSPC)

During Q1 2022, SSPC received notification from GSTC for the submission of memo against ZATCA viewpoints for the year 2014-2015. SSPC has submitted its response to GSTC and awaits review.

During Q1 2022, SSPC successfully submitted additional appeal memo against ZATCA viewpoints for the year 2019 with GSTC. GSTC review is awaited.

Sahara Petrochemical Company

During Q1 2022, Sahara has successfully submitted appeal at GSTC for the year 2016-2018 and awaits review.

The Group has recorded the estimated amount of Zakat and income tax liability in respect of all above open assessments.

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6. PROPERTY, PLANT AND EQUIPMENT

a. Acquisitions and disposals

- During the three month period ended 31 March 2022, the Group acquired assets with a cost of SR 116 million (three month period ended 31 March 2021: SR 112 million).
- During the three month period ended 31 March 2022, gain of SR Nil has been recognized from sale of certain precious metals (three month period ended 31 March 2021: SR 14 million).
- During the three month period ended 31 March 2022, assets with a carrying amount of SR Nil (three month period ended 31 March 2021: SR 0.6 million) were written off.

b. Capital work in progress

The Group's capital work-in-progress as at 31 March 2022 is SR 791 million (as at 31 December 2021: SR 678 million) comprises mainly of costs related to turnaround costs and other costs related to several projects for improvements and enhancements of operating plants.

c. Impairment

Management of the Group, in line with its strategy of improving profitability and efficiency of operations, and ensuring the best level of liquidity and stability, decided to do mothball operations of PBT and GACI CGUs during 2021. Consequently, recoverable amount of the PBT were estimated based on value-in-use calculations where management has anticipated the resumption of the operations by 2025 based on available information. As a result of the exercise, the Group determined that the recoverable amount of PBT was less than its carrying amount. Therefore, an additional impairment loss of SR 160 million was recognized in 2021 financial results in PBT. This is in addition to impairment loss of SR 150 million in PBT previously recognized in the 2019 annual financial results and SR 300 million in PBT recognised in 2016 financial results.

Furthermore, an impairment loss of SR 100 million recognized for GACI during 2021. No impairment has been recorded previously with respect to GACI plant. Following the cumulative impairment losses recognized for GACI and PBT, the recoverable amount is equals to its carrying amount as at 31 March 2022.

Furthermore, all CGUs were analyzed by the management during the period ended 31 March 2022, considering the current situation and recessionary outlook, and there is no additional impairment or impairment reversals to be recorded for the period ended 31 March 2022.

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7. INVESTMENTS IN A JOINT VENTURE AND ASSOCIATES

| | Note | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|-------------------------------|-------------|--------------------------------------|---------------------------------------|
| Investment in a joint venture | | 304,798 | 280,998 |
| Investment in associates | 7.1 | 3,774,329 | 3,682,425 |
| | | 4,079,127 | 3,963,423 |

7.1. Investment in Associates

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|--------------------------------------|---------------------------------------|
| Investment in Associates: | | |
| Tasnee and Sahara Olefins Company ("TSOC") | 3,585,776 | 3,492,672 |
| Khair Inorganic Chemical Industries Company ("Inochem") | 188,553 | 189,753 |
| | 3,774,329 | 3,682,425 |

8. LOANS AND BORROWINGS

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|--------------------------------------|---------------------------------------|
| Current loans and borrowings | | |
| Shari'a compliant loans | 450,070 | 498,820 |
| Saudi Industrial Development Fund ("SIDF") | - | 84,000 |
| | 450,070 | 582,820 |
| Short term loan | 70,000 | 70,000 |
| Total current loans and borrowings | 520,070 | 652,820 |
| Non-current loans and borrowings | | |
| Shari'a compliant loans | 4,475,499 | 4,712,324 |
| Saudi Industrial Development Fund ("SIDF") | 11,450 | 9,148 |
| | 4,486,949 | 4,721,472 |
| Other non-current loans | | |
| Advances from non-controlling shareholders | 55,433 | 54,802 |
| Total non-current loans and borrowings | 4,542,382 | 4,776,274 |
| Total loans and borrowings | 5,062,452 | 5,429,094 |

The loan bears financial charges at Saudi Arabian Inter Bank Offered Rate ("SAIBOR") plus a specified fixed margin. During the three month period ended 31 March 2022, the Group obtained Sharia' compliant loans amounting to SR Nil (31 March 2021: SR 700 million) which carries interest at market rates, and repaid an amount of SR 374 million (31 March 2021: SR 962 million) related to Sharia' compliant and SIDF loans.

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9. FINANCIAL INSTRUMENTS

The Group's principal financial assets include cash and cash equivalents, trade receivable, long term investments and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise short and long term loans and borrowings, advances from partners and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

Fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorised within the fair value hierarchy. This is 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 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.

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value:

| | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|--|-----------------|----------------|---------------|----------------|----------|
| As at 31 March 2022 (Unaudited) | | | | | |
| <u>Short term investments</u> | | | | | |
| Equity securities | 20,279 | 20,279 | 20,279 | - | - |
| <u>Long term investments</u> | | | | | |
| Listed mutual fund | 48,510 | 48,510 | 48,510 | - | - |
| Unlisted mutual fund | 117,123 | 117,123 | - | 117,123 | - |
| Equity shares | 19,116 | 19,116 | 19,116 | - | - |
| Total | 205,028 | 205,028 | 87,905 | 117,123 | - |

| | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|----------------|----------------|----------------|----------|
| As at 31 December 2021 (Audited) | | | | | |
| <u>Short term investments</u> | | | | | |
| Equity securities | 20,223 | 20,223 | 20,223 | - | - |
| <u>Long term investments</u> | | | | | |
| Listed mutual fund | 73,875 | 73,875 | 73,875 | - | - |
| Unlisted mutual fund | 117,143 | 117,143 | - | 117,143 | - |
| Equity shares | 15,878 | 15,878 | 15,878 | - | - |
| Total | 227,119 | 227,119 | 109,976 | 117,143 | - |

10. COMMITMENTS AND CONTINGENCIES

Commitments

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|---------------------|--------------------------------------|---------------------------------------|
| Capital commitments | 219,451 | 143,802 |

Contingencies

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|---------------------------------|--------------------------------------|---------------------------------------|
| Letters of guarantee and credit | 515,910 | 515,710 |

Contingent liabilities

In addition, the Group has no material contingent liabilities as at period ended 31 March 2022 except for those as disclosed in Note 5 to the condensed consolidated interim financial statements.

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11. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. During the period, the Group transacted with the following related parties:

| Name | Relationship |
|--|---|
| Japan Arabia Methanol Company Limited ("JAMC") | Shareholder of a subsidiary |
| Hanwha Chemical Malaysia Sdn Bhd ("Hanwha") | Shareholder of a subsidiary |
| SAMAPCO | Joint venture of a subsidiary |
| Basell Arabia Investments Limited and its associates | Shareholder of joint operations of a subsidiary |
| Saudi Ethylene and Polyethylene Company ("SEPC") | Associated Company |

a) Significant transaction with related parties other than key management personnel

Significant transactions with related parties have been disclosed below:

| Related party | Nature of transaction | For the three month period ended 31 March 2022 (Unaudited) | For the three month period ended 31 March 2021 (Unaudited) |
|----------------------|---|---|---|
| Hanwha | Sales made to Hanwha | 125,957 | 185,668 |
| JAMC | Sales made to JAMC | 33,950 | 82,893 |
| SAMAPCO | Shared service cost charged to SAMAPCO | 24,562 | 38,475 |
| Lyondell Basell | Sales made to Lyondell Basell | 94,140 | 100,923 |
| | Shared services cost charged to Lyondell Basell | 6,981 | 8,439 |
| SEPC | Purchase of ethylene by Al-Waha | 28,195 | 5,030 |
| | Purchase of ethylene by IVC | 152,856 | 74,240 |

The above transactions resulted in the following unsecured balances with related parties:

i) Trade receivables

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|-----------------|----------------------------------|-----------------------------------|
| Lyondell Basell | 238,821 | 297,407 |
| Hanwha | 83,002 | 141,643 |
| JAMC | 56,477 | 46,381 |
| | 378,300 | 485,431 |

ii) Prepayment and other current assets

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|-----------------|----------------------------------|-----------------------------------|
| SAMAPCO | 16,031 | 58,064 |
| Lyondell Basell | 5,445 | 11,918 |
| | 21,476 | 69,982 |

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11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Significant transaction with related parties other than key management personnel (continued)

iii) Accrued expenses and other current liabilities

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|-----------------|--|---|
| SAMAPCO | 73,871 | 26,040 |
| Hanwha | 66,076 | 7,273 |
| Lyondell Basell | 50,154 | 58,692 |
| | 190,101 | 92,005 |

b) Key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

| | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|--|--|--|
| Short-term employee benefits | 2,593 | 2,513 |
| End of service benefits | 424 | 921 |
| Thrift plan | 295 | 285 |
| Share based payment transactions | 35 | 35 |
| Total compensation related to key management personnel | 3,347 | 3,754 |

12. OTHER INCOME/(EXPENSES), NET

| | Notes | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|----------------|--------------|--|--|
| Other income | 12.1 | 2,768 | 25,419 |
| Other expenses | 12.2 | (419) | (264,390) |
| | | 2,349 | (238,971) |

12.1. Other income

| | Notes | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|------------------------|--------------|--|--|
| Gain on precious metal | 12.1.1 | - | 14,247 |
| Others | | 2,768 | 11,172 |
| | | 2,768 | 25,419 |

12.1.1. Income of SR Nil (three month period ended 31 March 2021: SR 14 million) represents gain of sale of certain precious metals used as catalysts in certain plants. The Group has opted to lease such precious metals instead of outright ownership.

12.2. Other expenses

| | Notes | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|-----------------|--------------|--|--|
| Impairment loss | 12.2.1 | - | (260,000) |
| Others | | (419) | (4,390) |
| | | (419) | (264,390) |

12.2.1. Loss from impairment of certain CGUs amounting to SR Nil (three month period ended 31 March 2021: SR 260 million) - for detail refer to note 6.

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13. EARNINGS PER SHARE

The calculation of Earnings per share has been based on the following profit attributable to the equity holders of the Company and weighted average number of ordinary shares outstanding:

| | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
|--|--------------------------------------|------------------------------|
| Profit attributable to the equity holders of the Company | <u>1,078,818</u> | <u>411,465</u> |
| Weighted average number of ordinary shares outstanding during the period | <u>727,162</u> | <u>727,162</u> |
| Basic and diluted earnings per share attributable to the equity holders of the Company | <u>1.48</u> | <u>0.57</u> |

14. SUBSEQUENT EVENTS

No adjusting event occurred between 31 March 2022 and the date of authorization of these condensed consolidated interim financial statements by the Board of Directors, which may have an impact on these condensed consolidated interim financial statements.