

**NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
AND INDEPENDENT AUDITOR'S REPORT**

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

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Report on review of Interim Financial Information

To the shareholders of National Industrialization Company
(Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Industrialization Company (“the Company”), a Saudi Joint Stock Company and its subsidiaries (collectively referred to as the “Group”) as of 31 March 2022 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with 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 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, 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 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Bader T. Benmohareb', is written over the printed name.

Bader T. Benmohareb
License Number 471

27 April 2022

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in SR'000 unless otherwise stated)

| | Note | As at 31 March 2022 (Unaudited) | As at 31 December 2021 (Audited) |
|---|------|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 2,793,373 | 2,825,486 |
| Projects under progress | 6 | 1,725,209 | 1,709,944 |
| Right-of-use assets | | 115,976 | 116,083 |
| Intangible assets | | 104,832 | 106,672 |
| Investments in equity accounted associates and joint ventures | 7 | 12,804,853 | 12,306,040 |
| Investments in equity instruments designated as FVOCI | 13.1 | 1,201,310 | 941,330 |
| Other non-current assets | | 656,812 | 565,370 |
| Total non-current assets | | 19,402,365 | 18,570,925 |
| Current assets | | | |
| Inventories | | 708,466 | 699,503 |
| Accounts receivable | | 1,512,406 | 1,687,953 |
| Prepayments and other current assets | | 546,907 | 627,835 |
| Cash and cash equivalents | | 3,465,257 | 3,393,975 |
| Total current assets | | 6,233,036 | 6,409,266 |
| Total assets | | 25,635,401 | 24,980,191 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 6,689,142 | 6,689,142 |
| Statutory reserve | | 1,521,047 | 1,490,151 |
| Other reserves | | (217,586) | (586,603) |
| Retained earnings | | 1,430,720 | 1,109,374 |
| Equity attributable to the equity holders of parent | | 9,423,323 | 8,702,064 |
| Non-controlling interests | | 3,021,847 | 2,860,844 |
| Total equity | | 12,445,170 | 11,562,908 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Long-term borrowings | 8 | 5,775,165 | 5,865,343 |
| Employee benefits obligations | | 514,117 | 505,397 |
| Lease liabilities | | 115,895 | 111,645 |
| Provisions and other non-current liabilities | | 2,150,052 | 2,167,045 |
| Total non-current liabilities | | 8,555,229 | 8,649,430 |
| Current liabilities | | | |
| Long-term borrowings – current portion | 8 | 978,701 | 940,241 |
| Lease liabilities – current portion | | 14,057 | 13,816 |
| Accounts payable | | 1,638,047 | 1,888,669 |
| Accruals, provisions and other current liabilities | | 1,172,919 | 1,160,463 |
| Zakat and income tax payable | 9 | 831,278 | 764,664 |
| Total current liabilities | | 4,635,002 | 4,767,853 |
| Total liabilities | | 13,190,231 | 13,417,283 |
| Total equity and liabilities | | 25,635,401 | 24,980,191 |



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

(All amounts in SR'000 unless otherwise stated)

| | Note | 2022 | 2021 |
|---|------|----------------|-----------|
| Revenue | 12 | 979,183 | 725,376 |
| Cost of revenue | | (691,033) | (538,812) |
| Gross profit | | 288,150 | 186,564 |
| Selling and distribution expenses | | (47,565) | (41,622) |
| General and administrative expenses | | (92,228) | (121,918) |
| Impairment of financial assets | | (5,068) | (794) |
| Share of net profit from associates and joint ventures, net | 12 | 399,866 | 539,707 |
| Operating profit | | 543,155 | 561,937 |
| Other income, net | | 9,363 | 13,924 |
| Finance costs, net | | (39,486) | (44,533) |
| Profit before zakat and income tax | | 513,032 | 531,328 |
| Zakat and income tax | | (67,930) | (79,802) |
| Profit for the period | | 445,102 | 451,526 |
| Attributable to: | | | |
| Equity holders of Parent | | 308,960 | 327,515 |
| Non-controlling interests | | 136,142 | 124,011 |
| | | 445,102 | 451,526 |
| Basic and diluted earnings per share (SR) | 10 | | |
| From profit attributable to equity holders of Parent | | 0.46 | 0.49 |



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(All amounts in SR'000 unless otherwise stated)

| | Note | 2022 | 2021 |
|--|------|----------------|----------|
| Profit for the period | | 445,102 | 451,526 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss in subsequent periods:</i> | | | |
| Cash flow hedge reserve | | 2,821 | 2,896 |
| Share of other comprehensive income of associates and joint ventures, net | | 31,871 | 5,254 |
| Total items that may be reclassified to profit or loss in subsequent periods | | 34,692 | 8,150 |
| <i>Items that will not be reclassified to profit or loss in subsequent periods:</i> | | | |
| Gain from investments in equity instruments designated as FVOCI | 13.1 | 315,955 | 35,868 |
| Share of other comprehensive income / (loss) of associates and joint ventures, net | | 86,513 | (36,169) |
| Total items that will not be reclassified to profit or loss in subsequent periods | | 402,468 | (301) |
| Total other comprehensive income for the period | | 437,160 | 7,849 |
| Total comprehensive income for the period | | 882,262 | 459,375 |
| Attributable to: | | | |
| Equity holders of Parent | | 721,259 | 341,856 |
| Non-controlling interests | | 161,003 | 117,519 |
| | | 882,262 | 459,375 |



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

(All amounts in SR'000 unless otherwise stated)

| | Attributable to the equity holders of Parent | | | | | | Total equity |
|--|--|-------------------|----------------|-------------------|----------------------------|---------------------------|--------------|
| | Share capital | Statutory reserve | Other reserves | Retained earnings | Total shareholders' equity | Non-controlling interests | |
| As at 1 January 2021 (Audited) | 6,689,142 | 1,354,512 | (662,623) | (111,375) | 7,269,656 | 2,313,357 | 9,583,013 |
| Profit for the period | - | - | - | 327,515 | 327,515 | 124,011 | 451,526 |
| Other comprehensive income/(loss) | - | - | 14,341 | - | 14,341 | (6,492) | 7,849 |
| Total comprehensive income for the period | - | - | 14,341 | 327,515 | 341,856 | 117,519 | 459,375 |
| Transfer to statutory reserve | - | 32,752 | - | (32,752) | - | - | - |
| As at 31 March 2021 (Unaudited) | 6,689,142 | 1,387,264 | (648,282) | 183,388 | 7,611,512 | 2,430,876 | 10,042,388 |
| As at 1 January 2022 (Audited) | 6,689,142 | 1,490,151 | (586,603) | 1,109,374 | 8,702,064 | 2,860,844 | 11,562,908 |
| Profit for the period | - | - | - | 308,960 | 308,960 | 136,142 | 445,102 |
| Other comprehensive income | - | - | 412,299 | - | 412,299 | 24,861 | 437,160 |
| Total comprehensive income for the period | - | - | 412,299 | 308,960 | 721,259 | 161,003 | 882,262 |
| Transfer on disposal of investment in equity instruments designated as FVOCI (note 13.1) | - | - | (43,282) | 43,282 | - | - | - |
| Transfer to statutory reserve | - | 30,896 | - | (30,896) | - | - | - |
| As at 31 March 2022 (Unaudited) | 6,689,142 | 1,521,047 | (217,586) | 1,430,720 | 9,423,323 | 3,021,847 | 12,445,170 |



Chief Financial Officer



Authorized Board Member

The accompany notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

(All amounts in SR'000 unless otherwise stated)

| | 2022 | 2021 |
|---|------------------|-----------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Profit before zakat and income tax | 513,032 | 531,328 |
| Adjustments for: | | |
| Depreciation and amortization | 56,676 | 58,826 |
| Right-of-use assets deprecation | 4,442 | 5,788 |
| Amortization of deferred settlement income | (4,734) | - |
| Share of net profit from equity accounted associates and joint ventures | (399,866) | (539,707) |
| Impairment of financial assets | 5,068 | 794 |
| Provision for slow moving inventory | 373 | - |
| Accounts receivable written off | - | (1,499) |
| Employee benefits expenses | 13,642 | 5,983 |
| Finance costs, net | 39,486 | 44,533 |
| Changes in operating assets and liabilities: | | |
| Other non-current assets | 8,558 | 12,375 |
| Inventories | (9,336) | (23,472) |
| Accounts receivables | 170,479 | (347,334) |
| Prepayments and other current assets | 80,928 | (59,490) |
| Provisions and other non-current liabilities | (12,259) | (18,109) |
| Accounts payables | (250,622) | 409,405 |
| Accruals, provisions and other current liabilities | 13,772 | 5,568 |
| Cash generated from operations | 229,639 | 84,989 |
| Employee benefits paid | (4,922) | (1,347) |
| Zakat and income tax paid | - | (23,832) |
| Net cash generated from operating activities | 224,717 | 59,810 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Additions to property, plant and equipment | (10,082) | (14,574) |
| Disposals of property, plant and equipment | 18 | 577 |
| Additions to projects under progress | (26,511) | - |
| Additions to intangible assets | (1,413) | - |
| Disposals of intangible assets | - | (390) |
| Disposals of investments in equity instruments designated as FVOCI | 55,812 | - |
| Dividend received | 24,026 | 11,274 |
| Loan given to a joint venture | (100,000) | (160,000) |
| Net cash used in investing activities | (58,150) | (163,113) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Repayment of long-term borrowings | (81,623) | (69,856) |
| Finance costs paid | (13,373) | (31,789) |
| Payment of principal portion of lease liabilities | (289) | (13,418) |
| Net cash used in financing activities | (95,285) | (115,063) |
| Net change in cash and cash equivalents | 71,282 | (218,366) |
| Cash and cash equivalents at beginning of the period | 3,393,975 | 2,654,849 |
| Cash and cash equivalents at end of the period | 3,465,257 | 2,436,483 |

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

1. STATUS AND NATURE OF ACTIVITIES

National Industrialization Company (the "Company" or "Tasnee") is a Saudi Joint Stock Company registered in Riyadh under Commercial Registration no. 1010059693 dated 7 Shawwal 1405H (corresponding to 25 June 1985G). The Company was formed pursuant to the Ministerial Resolution no. 601 dated 24 Dhul Hijja 1404H (corresponding to 19 September 1984G).

The principal activities, registered address, shareholding percentages in subsidiaries, associates, joint ventures and joint operation of the Company and its subsidiaries (collectively referred to as "the Group") have not materially changed from the prior year.

2. BASIS OF PREPARATION

(i) Statement of Compliance

These interim condensed consolidated financial statements are prepared in accordance with the International Accounting Standard No. 34 – "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

These interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

(ii) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is also Tasnee's functional currency. All amounts have been rounded to the nearest thousand (SR '000), unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021. There are no new standards effective from 1 January 2022, however, several amendments to existing standards which are effective from 1 January 2022 and applied for the first time in 2022, are explained as follows:

(i) Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(ii) Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

(iii) Amendments to IAS 37 - Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts.

(iv) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The above amendments to existing standards do not have a material effect on these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

(All amounts in SR'000 unless otherwise stated)

4. USE OF CRITICAL ESTIMATES AND JUDGMENTS

In preparing these interim condensed consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. 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 that were applied to the annual consolidated financial statements for the year ended 31 December 2021.

5. PROPERTY, PLANT AND EQUIPMENT

During the three months period ended 31 March 2022, the Group added property, plant, and equipment with a cost of SR 10.08 million (three months period ended 31 March 2021: SR 14.6 million). Property, plant, and equipment with a net book value of SR 0.18 million were disposed by the Group during the three months period ended 31 March 2022 (three months period ended 31 March 2021: SR 0.6 million).

6. PROJECTS UNDER PROGRESS

Projects under progress mainly represent costs of establishing a project (Slagger) relating to Titanium metals of various types and other related substances including Titanium ore, Iron ore and manufacturing of Titanium dioxide through high pressure oxidation at Jizan by a subsidiary and certain costs of expansion of facilities of production lines, safety and environment improvement costs.

6.1 Option agreement for Slagger asset in AMIC

AMIC, a subsidiary of the Group, has signed an Option agreement with Tronox Holding Plc ("Tronox") with the following key terms:

(1) AMIC shall (a) incorporate a wholly owned Special Purpose Vehicle ("SPV") in the Kingdom of Saudi Arabia and (b) subject to certain exceptions as set out in the Option Agreement, transfer (or procure the transfer of) the assets, liabilities and contracts used for its Jazan-based titanium slag smelting Slagger Business (as defined in the Option Agreement) to the SPV;

(2) subject to the satisfaction of certain conditions precedent set out in the Option Agreement including reaching the Sustainable Operations (as defined in the Option Agreement), AMIC shall have an option to require Tronox to purchase, and Tronox shall have an option to require AMIC to sell, 90% of AMIC's ownership in the SPV.

As part of the Option Agreement, Tronox also advanced loan to AMIC USD 125 million (equivalent to SR 469 million) for capital expenditures and operational expenses (as detailed in the Option Agreement) at SAIBOR plus agreed margin.

At the interim condensed consolidated statement of financial position date, the Group's management is of the view that the high probability test of transaction completion as required by IFRS 5: "Non-current Assets Held-for-Sale and Discontinued Operations" before assets and liabilities are reclassified as "held for sale" had not been met due to the conditions precedent for the exercise of call or put option, and consequently no reclassification has been made in these interim condensed consolidated financial statements.

7. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|-------------------------------|--|----------------------------------|
| Investments in associates | 3,068,921 | 2,968,264 |
| Investments in joint ventures | 9,735,932 | 9,337,776 |
| | 12,804,853 | 12,306,040 |

In other comprehensive income the share of other comprehensive income of associates and joint ventures mainly include exchange gain arise on foreign operations.

NATIONAL INDUSTRIALIZATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

(All amounts in SR'000 unless otherwise stated)

8. LONG-TERM BORROWINGS

The Group's long-term borrowings were as follows:

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|--|--|----------------------------------|
| Saudi Industrial Development Fund | 1,165,056 | 1,246,680 |
| Commercial banks | 5,644,832 | 5,619,430 |
| | 6,809,888 | 6,866,110 |
| Less: Unamortized finance cost | (56,022) | (60,526) |
| | 6,753,866 | 6,805,584 |
| Less: Long term borrowings – current portion | (978,701) | (940,241) |
| Total non-current loans | 5,775,165 | 5,865,343 |

9. ZAKAT AND INCOME TAX PAYABLE

Status of Zakat and income tax returns and assessments

The Company

During 2015, the Company received an approval from ZATCA in the Kingdom of Saudi Arabia to file consolidated zakat returns of the Company and its 100% owned Saudi subsidiaries since 2008. The Company has filed consolidated zakat returns while non-wholly owned subsidiaries have filed their zakat and income tax returns with ZATCA up to the years ended 31 December 2020. The Company has finalized its Zakat and income tax status with ZATCA up to 2007 and received initial assessments for the years up to 2018 resulting in additional liability of SR 246 million (2021: SR 246 million), which are still under review. The management believes that sufficient provisions are recorded, and no additional material liability is likely to arise from open assessments, once finalized.

Subsidiaries

Non-wholly owned subsidiaries in KSA file their Zakat and income tax returns individually. Some of these subsidiaries have received initial assessments for several years from the ZATCA, resulting in additional liability amounting to SR 323 million (2021: SR 323 million). The subsidiaries have submitted appeal against these assessments which are still under review. The management believes sufficient provisions are recorded by the Group wherever necessary and no material additional liability is likely to arise from open assessments, once finalized. Any additional zakat and income tax liabilities or adjustments are recorded when known and finalized.

10. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net profit attributable to equity holder of parent by the weighted average number of ordinary shares issued, that is 668,914 thousand shares as at 31 March 2022 (31 March 2021: 668,914 thousand shares).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

11. RELATED PARTIES TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Group transacts business with related parties, based on mutually agreed terms and conditions. Balances and transactions between the Company and its subsidiaries are eliminated. A summary of significant transactions and balances with the related parties are as follows:

11.1 Trading transactions

The following are the significant related party transactions:

| | Sale of goods and services | | Purchase of goods and services | |
|----------------|----------------------------|---------------|--------------------------------|---------------|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| Joint ventures | 182,006 | 169,817 | 312,126 | 293,789 |

11.2 Amounts due from / to related parties

The following balances were outstanding as of 31 March 2022:

| | Due from related parties | | | Due to related parties | | |
|--------------------|--------------------------|----------------|---------|------------------------|----------------|-----------|
| | Associates | Joint Ventures | Total | Associates | Joint Ventures | Total |
| Current | | | | | | |
| Trade | 39 | 97,891 | 97,930 | 1,598 | 1,299,351 | 1,300,949 |
| Other non-trade | 524 | 226,397 | 226,921 | - | - | - |
| | 563 | 324,288 | 324,851 | 1,598 | 1,299,351 | 1,300,949 |
| Non-current | | | | | | |
| Long term advance | - | 82,866 | 82,866 | - | - | - |
| Loans | - | 189,253 | 189,253 | 500,964 | 370,083 | 871,047 |
| | - | 272,119 | 272,119 | 500,964 | 370,083 | 871,047 |
| Total | 563 | 596,407 | 596,970 | 502,562 | 1,669,434 | 2,171,996 |

The following balances were outstanding as of 31 December 2021:

| | Due from related parties | | | Due to related parties | | |
|--------------------|--------------------------|----------------|---------|------------------------|----------------|-----------|
| | Associates | Joint Ventures | Total | Associates | Joint Ventures | Total |
| Current | | | | | | |
| Trade | 178 | 145,839 | 146,017 | 31,799 | 1,500,819 | 1,532,618 |
| Other non-trade | 1,330 | 293,681 | 295,011 | - | - | - |
| | 1,508 | 439,520 | 441,028 | 31,799 | 1,500,819 | 1,532,618 |
| Non-current | | | | | | |
| Long term advance | - | 82,015 | 82,015 | - | - | - |
| Loans | - | 88,626 | 88,626 | 498,419 | 381,803 | 880,222 |
| | - | 170,641 | 170,641 | 498,419 | 381,803 | 880,222 |
| Total | 1,508 | 610,161 | 611,669 | 530,218 | 1,882,622 | 2,412,840 |

In addition to the above, the Group have loans from non-controlling interest amounting to SR 327 million (2021:SR 326 million).

Compensation of key management personnel

The remuneration of key management personnel during the period ended 31 March 2022 amounts to SR 11.9 million (2021: SR 6.6 million).

NATIONAL INDUSTRIALIZATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

(All amounts in SR'000 unless otherwise stated)

12. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable segments, Chemicals, Petrochemicals and Downstream & Others. The Group's total revenue, expenses items for the period then ended from continuing operations, by operating segments, are as follows:

| | Chemicals | Petrochemicals | Downstream & Others | Total |
|--|-----------|----------------|------------------------|----------------|
| For the three-months period ended 31 March 2022 | | | | |
| Sale of goods | - | 542,807 | 356,905 | 899,712 |
| Rendering of services | - | - | 29,870 | 29,870 |
| Others | - | 36,865 | 12,736 | 49,601 |
| Total Segment revenue | - | 579,672 | 399,511 | 979,183 |
| Segment expenses | 15,559 | 496,536 | 327,263 | 839,358 |
| Share of profit / (loss) from associates and joint ventures, net | 2,959 | 398,156 | (1,249) | 399,866 |
| Depreciation and amortization | 1,596 | 25,825 | 33,697 | 61,118 |
| Segment EBITDA | 21,847 | 413,601 | 178,188 | 613,636 |
| For the three-months period ended 31 March 2021 | | | | |
| Sale of goods | - | 341,994 | 280,445 | 622,439 |
| Rendering of services | - | - | 28,707 | 28,707 |
| Others | - | 43,893 | 30,337 | 74,230 |
| Total Segment revenue | - | 385,887 | 339,489 | 725,376 |
| Segment expenses | 33,370 | 319,052 | 350,724 | 703,146 |
| Share of profit / (loss) from associates and joint ventures, net | 6,431 | 535,696 | (2,420) | 539,707 |
| Depreciation and amortization | 2,704 | 20,715 | 41,195 | 64,614 |
| Segment EBITDA | (36,450) | 377,816 | 299,109 | 640,475 |

The Group's total assets and liabilities as at 31 March 2022 and 31 December 2021 by operating segments are as follows:

| | Chemicals | Petrochemicals | Downstream & others | Total |
|---|-----------|----------------|------------------------|------------|
| As at 31 March 2022 (Unaudited) | | | | |
| Segment assets | 5,542,630 | 10,396,793 | 9,695,978 | 25,635,401 |
| Segment liabilities | 2,697,209 | 2,943,729 | 7,549,293 | 13,190,231 |
| Investments in equity accounted associates and joint ventures | 2,899,727 | 9,746,346 | 158,780 | 12,804,853 |
| As at 31 December 2021 - Audited | | | | |
| Segment assets | 5,343,054 | 10,261,098 | 9,376,039 | 24,980,191 |
| Segment liabilities | 2,716,238 | 3,207,188 | 7,493,857 | 13,417,283 |
| Investments in equity accounted associates and joint ventures | 2,796,000 | 9,348,190 | 161,850 | 12,306,040 |

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

All financial assets and liabilities have been accounted at amortized cost except for the investments in equity instruments designated at FVOCI which have been carried at fair value.

The management assessed that fair value of other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

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13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

| Nature of financial instrument | Carrying value | Level 1 | Level 2 | Level 3 |
|---------------------------------------|----------------|----------------|---------|----------------|
| As at 31 March 2022 | | | | |
| Investments in quoted equity shares | 812,618 | 812,618 | - | - |
| Investments in unquoted equity shares | 388,692 | - | - | 388,692 |
| As at 31 December 2021 | | | | |
| Investments in quoted equity shares | 412,380 | 412,380 | - | - |
| Investments in unquoted equity shares | 528,950 | - | - | 528,950 |

Apart from the above financial instruments, other financial instruments have been carried at amortized cost.

13.1 Transfers between Levels

During the period ended 31 March 2022, an investee company, AMAK, which was previously included as unquoted entity (Level 3) completed process of listing its shares on Saudi stock exchange, and accordingly moved from level 3 (2021: SR 140 million) to level 1 (31 March 2022: SR 337 million) and the Group has recognized fair valuation gain in OCI amounting to SR 252 million during the three months period ended 31 March 2022. Further, during the same period the Group has also sold part of its investment in AMAK and the related cumulative gain of SR 43 million realized from the disposal was reclassified from other reserves to retained earnings as disclosed in interim condensed statement of changes in equity.

Other than the above, there have been no transfers between the levels during the three-months ended 31 March 2022 and 2021. There were also no changes made during the period ended 31 March 2022 to any of the valuation techniques applied as of 31 December 2021.

14. COMMITMENTS AND CONTINGENCIES

14.1 Capital commitments

The Group's capital commitments as of reporting date are as follows:

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|--|----------------------------------|
| Capital commitments for projects under progress and property, plant and equipment | 207,159 | 208,599 |

14.2 Contingencies

The Group contingencies as of reporting date are as follows:

| | 31 March 2022 (Unaudited) | 31 December 2021 (Audited) |
|----------------------|--|----------------------------------|
| Letters of guarantee | 302,583 | 304,069 |
| Letters of credit | 1,200 | 2,564 |
| | 303,783 | 306,633 |

Additionally, the Group has issued corporate guarantees to commercial banks and Saudi Industrial Development Fund by its share owned in share capital of some joint ventures against the loans, which have been obtained by these joint ventures from such parties. As at 31 March 2022 such guarantees amounted to SR 1,894 million (31 December 2021: SR 1,921 million).

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15. EVENTS AFTER THE REPORTING DATE

No material events have occurred subsequent to the reporting date and before the issuance of these interim condensed consolidated financial statements which require adjustment to, or disclosure, in these interim condensed consolidated financial statements.

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved from the Board of Directors 26 Ramadan 1443H (corresponding to 27 April 2022).