

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
WITH INDEPENDENT AUDITOR'S REPORT



SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF
SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Saudi Advanced Industries Company (the "Company") as at 31 March 2023 and the related interim condensed statement of profit or loss and other comprehensive income for the three months period then ended and the interim condensed statements of changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

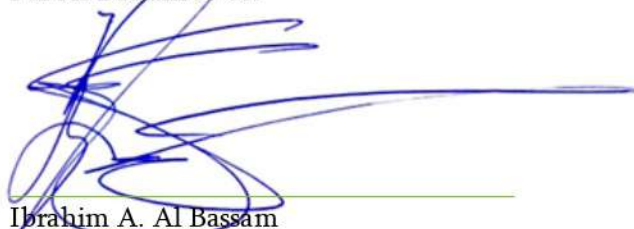
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 condensed financial statements 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 31 March 2023 are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Riyadh: 1 Dhu al-Qi'dah 1444H
Corresponding to: 21 May 2023



SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023

(All amounts are in Saudi riyals unless otherwise mentioned)

| | <u>Note</u> | <u>31 March 2023</u> <u>(unaudited)</u> | <u>31 December 2022</u> <u>(audited)</u> |
|--|-------------|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment and intangible, net | | 362,119 | 399,686 |
| Investments in associate companies | 4 | 530,011,301 | 531,860,667 |
| Financial assets at FVOCI | 5 | 27,279,112 | 121,280,020 |
| Financial assets at FVPL | 6 | 199,705,033 | 199,705,033 |
| Other financial assets | | 1,266,891 | 1,758,169 |
| Total non-current assets | | <u>758,624,456</u> | <u>855,003,575</u> |
| Current assets | | | |
| Prepayments and other current assets | | 988,088 | 601,499 |
| Financial assets at FVPL | 6 | 82,106,735 | 8,409,164 |
| Financial assets at FVOCI | 5 | 84,300,000 | - |
| Cash and cash equivalents | | 5,326,328 | 45,099,243 |
| Total current assets | | <u>172,721,151</u> | <u>54,109,906</u> |
| Total assets | | <u>931,345,607</u> | <u>909,113,481</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 7 | 600,000,000 | 500,000,000 |
| Statutory reserve | 8 | 150,000,000 | 150,000,000 |
| General reserve | 9 | 34,331,892 | 34,331,892 |
| Retained earnings | | 151,696,059 | 243,143,182 |
| Actuarial reserve | | (917,613) | (917,613) |
| Fair value reserve | | (10,530,079) | (25,373,881) |
| Total equity | | <u>924,580,259</u> | <u>901,183,580</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Employees' end of service benefits | 10 | 1,546,686 | 1,517,549 |
| Total non-current liabilities | | <u>1,546,686</u> | <u>1,517,549</u> |
| Current liabilities | | | |
| Accrued expenses and other current liabilities | | 2,493,522 | 4,187,212 |
| Zakat provision | 11 | 2,725,140 | 2,225,140 |
| Total current liabilities | | <u>5,218,662</u> | <u>6,412,352</u> |
| Total liabilities | | <u>6,765,348</u> | <u>7,929,901</u> |
| Total equity and liabilities | | <u>931,345,607</u> | <u>909,113,481</u> |



Muhannad Mustafa Al-Ashqar
Chief Financial Officer



Abdullah Suleiman Al-Juraish
Managing director



Abdullah Mohammed Al-Humaidhi
Chairman of Board of Directors

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE IN-
COME
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi riyals unless otherwise mentioned)

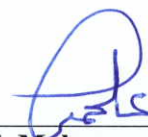
| | Note | For the three-months period ended 31 March 2023 (unaudited) | 31 March 2022 (unaudited) |
|--|------|---|------------------------------|
| Revenue | 12 | 25,349,302 | 34,439,967 |
| Gross income | | 25,349,302 | 34,439,967 |
| General and administrative expenses | | (2,779,165) | (3,440,237) |
| Operating Income | | 22,570,137 | 30,999,730 |
| Other income | | 2,700 | - |
| Net income before zakat | | 22,572,837 | 30,999,730 |
| Zakat | 11-2 | (500,000) | (57,640) |
| Net income for the period | | 22,072,837 | 30,942,090 |
| <u>Other comprehensive income / (loss):</u> | | | |
| Items that will not be subsequently reclassified to profit or loss: | | | |
| Change in financial assets at FVOCI | | 1,323,842 | (906,321) |
| Net comprehensive income for the period | | 23,396,679 | 30,035,769 |
| <u>Basic and diluted earnings per share</u> | | | |
| Earnings per share from operating | 13 | 0.38 | 0.52 |
| Earnings per share from net income for the period | 13 | 0.37 | 0.52 |



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SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi riyals unless otherwise mentioned)

| | Share capital | Statutory reserve | General reserve | Retained earnings | Actuarial reserve | Fair value reserve | Total |
|---|--------------------|--------------------|-------------------|--------------------|-------------------|---------------------|--------------------|
| For the three-months period ended 31 March 2022 | | | | | | | |
| Balance as at 31 December 2021 (audited) | 500,000,000 | 150,000,000 | 34,331,892 | 185,114,021 | (876,347) | 69,366,807 | 937,936,373 |
| Net income for the period | - | - | - | 30,942,090 | - | - | 30,942,090 |
| Other comprehensive loss | - | - | - | - | - | (906,321) | (906,321) |
| Net comprehensive income for the period | - | - | - | 30,942,090 | - | (906,321) | 30,035,769 |
| Balance as at 31 March 2022(unaudited) | 500,000,000 | 150,000,000 | 34,331,892 | 216,056,111 | (876,347) | 68,460,486 | 967,972,142 |
| For the three-months period ended 31 March 2023 | | | | | | | |
| Balance as at 31 December 2022 (audited) | 500,000,000 | 150,000,000 | 34,331,892 | 243,143,182 | (917,613) | (25,373,881) | 901,183,580 |
| Net income for the year | - | - | - | 22,072,837 | - | - | 22,072,837 |
| Transferred from fair value reserve as result of disposal assets at FVOCI | - | - | - | (13,519,960) | - | 13,519,960 | - |
| Other comprehensive income | - | - | - | - | - | 1,323,842 | 1,323,842 |
| Net comprehensive income for the period | - | - | - | 8,552,877 | - | 14,843,802 | 23,396,679 |
| Capital additions | 100,000,000 | - | - | (100,000,000) | - | - | - |
| Balance as at 31 March 2023(unaudited) | 600,000,000 | 150,000,000 | 34,331,892 | 151,696,059 | (917,613) | (10,530,079) | 924,580,259 |



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SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

(All amounts are in Saudi riyals unless otherwise mentioned)

| | 31 March 2023 (unaudited) | 31 March 2022 (unaudited) |
|--|--|-------------------------------------|
| <u>Cash flows from operating activities:</u> | | |
| Net Income for the period before zakat | 22,572,837 | 30,999,730 |
| Adjustments to reconcile net Income before zakat to net cash from operating activities: | | |
| Depreciation of property and equipment and intangible | 29,839 | 35,760 |
| Provision for end of service benefits | 49,166 | 606,529 |
| Unrealized gain from assets FVPL | (6,293,532) | - |
| Share of profit in an associates companies | (13,605,179) | (29,300,683) |
| | <u>2,753,131</u> | <u>2,341,336</u> |
| Changes in working capital items | | |
| Other prepaid expenses and current assets | (386,589) | (660,151) |
| Accrued expenses and other current liabilities | (1,693,689) | (1,881,681) |
| Other Financial assets | 491,279 | - |
| Advance to purchase financial assets at FVPL | - | (389,080) |
| Cash generated from operating activities | <u>1,164,132</u> | <u>(589,576)</u> |
| Employees' end of service benefits paid | (20,029) | (1,194,188) |
| Net cash (used in) / generated from operating activities | <u>1,144,103</u> | <u>(1,783,764)</u> |
| <u>Cash flows from investing activities:</u> | | |
| Purchase of financial assets at FVOCI | (491,278) | - |
| Proceed from the sale of financial assets at FVOCI | 11,516,028 | - |
| Purchase of financial assets at FVPL | (158,421,262) | - |
| Proceeds from the sale of financial assets at FVPL | 91,024,949 | - |
| Dividends from investments at the associates companies | 15,454,545 | - |
| Net cash used in from investing activities | <u>(40,917,018)</u> | <u>-</u> |
| Net change in cash and cash equivalents | <u>(39,772,915)</u> | <u>(1,783,764)</u> |
| Cash and cash equivalent at the beginning of the period | 45,099,243 | 23,780,237 |
| Cash and cash equivalents at the end of the period | <u>5,326,328</u> | <u>21,996,473</u> |
| <u>Non-monetary transactions</u> | | |
| Change in fair value reserve of financial assets | 1,323,842 | (906,321) |
| Transfer from fair value reserve of retained earnings due to selling investments at FVOCI | 13,519,960 | - |



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Managing director



Abdullah Mohammed Al-Humaidhi
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SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi riyals unless otherwise mentioned)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Advanced Industries Company (“the Company”) is a Saudi joint-stock company registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010068321 issued in Riyadh on Jumada Al-Awwal 24, 1408H, corresponding to 13 January 1988G.

The principal activity of the Company is Management of subsidiaries of holding companies, Investing the funds of the subsidiaries of the holding companies.

The headquarters of the Company is located at the following address:

Riyadh / Al-Narjis district - -Takhasusi Street with Othman bin Affan Road
P.O. Box 51743
Riyadh 11553
Saudi Arabia

2. BASIS OF PREPARATION

The interim condensed financial statements for the three-month period ended on 31 March 2023 were prepared in accordance with International Accounting Standard No. 34 (IAS), “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants.

The interim condensed financial statements do not include all the information and disclosures required to prepare the annual financial statements, and they must be read in conjunction with the annual financial statements of the company for the year ended 31 December 2022.

These interim condensed financial statements have been prepared on going concern basis and in accordance with the accrual accounting principle and the historical cost basis, except the financial assets that are measured at fair value and employee benefit liabilities carried in the present value of liabilities.

Use of estimates and assumptions

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In particular, information about significant matters regarding the estimation of uncertainty in the application of accounting policies that have a significant effect on the amounts recognized in the financial statements, as follows:

The management reassesses the useful lives of tangible assets and intangible assets periodically depending on the general condition of these assets and management's expectations for their future useful lives.

Management assesses the recoverable amount of the financial assets to determine whether there is any impairment.

Estimates and assumptions applied are continually reviewed, and changes in accounting estimates are recognized in the period in which the estimates were changed and in future years affected by that change.

3. SUMMERY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the interim condensed financial statements are consistent with the policies followed in preparing the annual financial statements of the company for the year ended 31 December 2022.

- New standards, amendments to standards and interpretations

There are no new standards that have been issued. However, a number of amendments to the standards are effective as of January 1, 2023, and details of that have been clarified in the annual financial statements for the year ending on December 31, 2021. However, it does not have a material impact on the interim condensed financial statements.

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi riyals unless otherwise mentioned)

4. INVESTMENTS AT THE ASSOCIATES COMPANIES

The following is a summary of the movement of investments in associates:

| | Note | 31 March 2023 | 31 December 2022 |
|---|-------------|----------------------|------------------|
| Balance at the beginning of the period / year | | 531,860,667 | 475,266,506 |
| Dividends of associate | | (15,454,545) | (32,836,364) |
| Share of net profit of associate | 4-3 | 13,605,179 | 94,069,006 |
| Company portion from comprehensive income items for associate | | - | (4,638,481) |
| Balance at the end of the period / year | | 530,011,301 | 531,860,667 |

Investments in associate amounted to the following:

| Name | 31 March 2023 | | | 31 December 2022 | | |
|-----------------------|------------------------|-------------------------|--------------------|-------------------------|-------------------------|--------------------|
| | Ownersh p % | No. of share | Amount | Ownership % | No. of share | Amount |
| Deutsche Gulf Finance | 31,62% | 18,181,818 | 271,741,233 | 31.62% | 18,181,818 | 285,515,138 |
| Obeikan Glass Company | 40% | 9,600,000 | 258,270,068 | 40% | 9,600,000 | 246,345,529 |
| | | | 530,011,301 | | | 531,860,667 |

The following is a summary of the financial information for investments using the equity method:
The summarized financial information below represents the amounts disclosed in the financial statements of equity-accounted investees prepared in accordance with International Financial Reporting Standards.

| 31 March 2023 | Obeikan Glass Company | Deutsche Gulf Finance |
|---|----------------------------------|----------------------------------|
| Total assets | 731,092,099 | 2,323,023,795 |
| total liabilities | 165,416,086 | 1,618,344,976 |
| Equity | 565,676,013 | 704,678,819 |
| Shares of Saudi Advanced Industries Company | 226,270,405 | 222,819,443 |
| Book value | 258,270,068 | 271,741,233 |
| Revenue | 113,476,087 | 47,355,542 |
| Net Income | 29,811,347 | 5,315,118 |
| Other Comprehensive income | 29,811,347 | 5,315,118 |
| Share of total comprehensive income (before adjustments) | 11,924,539 | 1,680,640 |
| Adjustments for previous period | - | - |
| Share of total comprehensive income (after adjustments) | 11,924,539 | 1,680,640 |
| | | |
| 31 December 2022 | Obeikan Glass Company | Deutsche Gulf Finance |
| Total assets | 684,048,242 | 2,337,787,031 |
| total liabilities | (148,183,576) | (1,589,548,330) |
| Equity | 535,864,666 | 748,238,701 |
| Shares of Saudi Advanced Industries Company | 214,345,866 | 236,593,077 |
| Book value | 246,345,529 | 285,515,138 |
| Revenue | 256,195,414 | 222,133,744 |
| Net Income | 177,647,740 | 72,770,114 |
| Other Comprehensive income | (11,596,204) | - |
| Share of total comprehensive income | 66,420,614 | 23,009,910 |
| Adjustments for previous years | - | (4,056,306) |
| Share of total comprehensive income (after adjustments) | 66,420,614 | 18,953,604 |

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi riyals unless otherwise mentioned)

4. INVESTMENTS AT THE ASSOCIATES COMPANIES (CONTINUED)

The shares of the Obeikan Glass Company were listed and started trading in Nomu - the parallel market, as of Monday 6 Rajab 1443 AH corresponding to February 7, 2022 AD, as a direct listing, at an indicative price of 68 riyals per share, noting that the total cost of the Saudi Advanced Industries share in the Obeikan Glass Company amounts to 128 million riyals. On December 31, 2022, the fair value of the company's ownership stake in Obeikan Glass Company, according to trading prices, amounted to 850,560,000 Saudi riyals. During the year ending on December 31, 2022 AD, Deutsche Gulf Finance Company, in which the Saudi Advanced Industries Company owns 31.62% of the capital, obtained the preliminary approval of the Central Bank of Saudi Arabia to offer the company in the main financial market. Note that this approval is conditional on the company obtaining the final non-objection of the Central Bank of Saudi Arabia and the necessary approvals from the concerned authorities.

5. FINANCIAL ASSETS AT FVOCI

Financial assets amounted to as follows:

| 31 March 2023 | Cost | Market value |
|---|----------------------|-------------------------|
| Yanbu National Petrochemical (YANSAB) | 70,980,000 | 84,300,000 |
| Capital investment portfolio | 40,258,090 | 24,371,543 |
| Derayah Global Venture Capital Fund | 226,940 | 227,302 |
| Graphene Venture Fund | 823,189 | 1,202,894 |
| Hala Ventures Fund | 1,129,500 | 1,477,373 |
| AGC Obeikan Glass* | 8,680,000 | - |
| | 122,097,719 | 111,579,112 |
| 31 December 2022 | Cost | Market value |
| Yanbu National Petrochemical (YANSAB) | 70,980,000 | 83,200,000 |
| Capital investment portfolio | 64,814,272 | 35,663,729 |
| Derayah Global Venture Capital Fund | 226,940 | 227,302 |
| Graphene Venture Fund | 823,189 | 881,491 |
| Hala Ventures Fund | 1,129,500 | 1,307,498 |
| AGC Obeikan Glass* | 8,680,000 | - |
| | 146,653,901 | 121,280,020 |
| | 31 March 2023 | 31 December 2022 |
| Financial assets at FVOCI – non-current | 27,279,112 | 121,280,020 |
| Financial assets at FVOCI – current | 84,300,000 | - |
| | 111,579,112 | 121,280,020 |

The movement in FVOCI is as follows:

| | 31 March 2023 | 31 December 2022 |
|---|----------------------|-------------------------|
| Cost as at 1 January | 155,333,901 | 190,108,486 |
| Additions | 491,278 | 12,971,000 |
| Disposals during the period / year | (25,035,988) | (47,745,585) |
| | 130,789,191 | 155,333,901 |
| Fair value reserve as at 1 January | (25,373,881) | 69,366,807 |
| Change in fair value reserve | 1,323,842 | (90,724,111) |
| Transfer from fair value reserve as a result of disposal of assets at FVOCI | 13,519,960 | (4,016,577) |
| Fair value reserve as at end of the period / year | (10,530,079) | (25,373,881) |
| Impairment losses provisions | (8,680,000) | (8,680,000) |
| Net carrying value | 111,579,112 | 121,280,020 |

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi riyals unless otherwise mentioned)

5. FINANCIAL ASSETS AT FVOCI (CONTINUED)

* During the year 2018, the Board of Directors decided, and given that the company's losses exceeded 100% of the capital, to form a provision for impairment losses with the full amount of the investment within other comprehensive income, which was deducted from the general reserve.

6. FINANCIAL ASSETS AT FVPL

| 31 March 2023 | No. shares/unit | % | Cost | Market value |
|--|----------------------------|----------|----------------------|-------------------------|
| Industrialization and Energy Services Company (TAQA) | 16,874,997 | 2.35 | 168,749,970 | 180,453,233 |
| Arabian Industrial Fibers Company (Ibn Rushd) | 1,249,354 | 0.62 | 12,493,540 | - |
| Alsalam Aerospace Industries Company | 162,000 | 10 | 19,940,000 | 19,251,799 |
| Capital investment portfolio | - | - | 76,139,194 | 82,106,735 |
| Total | | | 277,322,704 | 281,811,767 |
| 31 December 2022 | No. shares/unit | % | Cost | Market value |
| Industrialization and Energy Services Company (TAQA) | 16,874,997 | 2.35 | 168,749,970 | 180,453,233 |
| Arabian Industrial Fibers Company (Ibn Rushd) * | 1,249,354 | 0.62 | 12,493,540 | - |
| Alsalam Aerospace Industries Company | 162,000 | 10 | 19,940,000 | 19,251,799 |
| Almubark found | 314,053 | - | 7,000,000 | 7,021,036 |
| Capital investment portfolio | - | - | 1,735,155 | 1,388,129 |
| Total | | | 209,918,665 | 208,114,197 |
| | | | 31 March 2023 | 31 December 2022 |
| Financial assets at FVPL – non-current | | | 199,705,033 | 199,705,033 |
| Financial assets at FVPL – current | | | 82,106,735 | 8,409,164 |
| | | | 281,811,768 | 208,114,197 |
| | | | 31 March 2023 | 31 December 2022 |
| Cost as at period /year | | | 208,114,197 | 188,689,970 |
| Additions period /year | | | 158,421,262 | 10,659,691 |
| Disposals during the period /year | | | (93,727,669) | (2,272,713) |
| Unrealized gains (losses) | | | 2,710,446 | 10,689,072 |
| Realized gains | | | 6,293,531 | 348,177 |
| Balance ended the period /year | | | 281,811,767 | 208,114,197 |

The shareholders decided in the extraordinary general assembly of the Arabian Industrial Fibers Company (Ibn Rushd) on 31 December 2017 to reduce the company's capital from 8.5 billion Saudi riyals to 2 billion Saudi riyals, as the share of the Advanced Industries Company from this reduction amounted to 40.7 million riyals. Saudi, so the investment will be 12,493,540 riyals as on 31 December 2020 (31 December 2021: 12,493,540 Saudi riyals). In the previous period, the Company has fully recognized impairment losses in the value of the investment.

7. CAPITAL

The Board of Directors recommended at its meeting held on 21 Shawwal 1443H, corresponding to 25 May 2022 to the Extraordinary General Assembly to increase the capital by 20% by granting free shares through the capitalization of 100,000,000 Saudi riyals from the retained earnings, by granting one free share for every five shares owned by the shareholders.

The Company's extraordinary general assembly was held on 3 Rajab 1444H corresponding to 25 January 2023 and the capital increase and the new by-laws were approved. Accordingly, as at 31 March 2022, the authorized Share capital is SR 600 million, divided into 60 million shares of SR 10 for each.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi riyals unless otherwise mentioned)

8. STATUTORY RESERVE

In accordance with the Articles of Association and Saudi Arabian Regulations for Companies, the Company is required to transfer 10% of net income annually to the statutory reserve until such reserve equals 30% of the capital. As the reserve has reached this limit and there is no need for the further deduction, this reserve is not available for dividends distribution.

9. GENERAL RESERVE

This reserve was made based on the decision of the Ordinary General Assembly on 15 May 2018, with the aim of facing future investment or zakat losses, and authorizing the Board of Directors to transfer from the general reserve if it is established to face any investment or zakat losses, in accordance with what the Board deems in the interest of the company.

10. EMPLOYEES' END OF SERVICE BENEFITS

| | 31 March 2023 (Unaudited) | 31 December 2022 (Audited) |
|--|--|--------------------------------------|
| Balance beginning of the period / year | 1,517,549 | 2,375,616 |
| Charged during the period / year | 49,166 | 294,854 |
| Paid during the period / year | (20,029) | (1,194,187) |
| Actuarial losses | - | 41,266 |
| Balance end of the period / year | 1,546,686 | 1,517,549 |

11. ZAKAT PROVISION

11-1 Zakat status

The company submitted its zakat returns to the Zakat Tax and Customs Authority until the year ended on 31 December 2021, and the company obtained a certificate from the Zakat Tax and Customs Authority, valid until 21 Shawwal 1445H corresponding to 30 April 2024.

11-2 Zakat provision movement as follows:

| | 31 March 2023 (Unaudited) | 31 December 2022 (Audited) |
|--|--|--------------------------------------|
| Balance beginning of the period / year | 2,225,140 | 150,000 |
| Charged during the period / year | 500,000 | 2,125,803 |
| Paid during the period / year | - | (50,663) |
| Balance end of the period / year | 2,725,140 | 2,225,140 |

12. REVENUE

| | For the three-month period ended 31 March 2023 (Unaudited) | For the three-month period ended 31 March 2022 (Unaudited) |
|---|---|--|
| Share of net profit of associate | 13,605,179 | 29,300,683 |
| Earned dividends | 2,740,146 | 4,904,210 |
| Profits from selling financial assets at FVPL | 2,710,446 | - |
| Unrealized gain from financial assets at FVPL | 6,293,531 | 235,074 |
| | 25,349,302 | 34,439,967 |

13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share of operating income and net income are calculated by dividing the operating income and net income by the weighted average number of ordinary shares outstanding at the end of the period / year. The outstanding number of shares as at 31 March 2023 is 60 million shares (50 million shares: 31 March 2022).

There has been no item of dilution affecting the weighted average number of ordinary shares.

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14. BENEFITS, REMUNERATION, AND COMPENSATION OF THE DIRECTORS AND KEY MANAGEMENT PERSONAL

| | The amount of transactions during the period | | Credit balance | |
|---|--|------------------|----------------|----------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| Committee members fees and meetings expenses | 505,500 | 453,500 | 504,500 | 369,125 |
| Key management personal salaries and benefits | 572,571 | 2,027,024 | - | - |
| | 1,078,071 | 2,480,524 | 504,500 | 369,125 |

15. SEGMENT INFORMATION

Segment information relates to the activities and business of the company, which the company's management has relied on as a basis for preparing its financial information, for its compatibility with internal reporting methods. Transactions between segments are carried out on the same terms as dealing with other parties.

Segment's assets, liabilities, and operating activities include items directly related to a specific segment and items that can be distributed among the different sectors on a reasonable basis. Items that cannot be allocated between segments are classified under other segments.

The following is a summary of the financial segment information in Saudi riyals as on 31 March 2023, and 31 March 2022, respectively, according to the nature of the activity:

31 March 2023

| | Petrochemical segment | Glass industry segment (Industrial investment) | Industrial Services segment (Energy and utilities) | Financial services and investments segment (banks and financial services) | Other segments | Total |
|----------------------------------|-----------------------|--|--|---|----------------|-------------|
| Revenue | 2,500,000 | 11,924,539 | - | 10,924,763 | 2,700 | 25,352,002 |
| Net income/(loss) for the period | 2,203,189 | 11,015,198 | (703,139) | 9,578,396 | (20,807) | 22,072,837 |
| Total assets | 84,300,000 | 258,270,068 | 199,705,033 | 382,393,970 | 6,676,536 | 931,345,607 |
| Total liabilities | - | - | - | 1,266,891 | 5,498,457 | 6,765,348 |

31 March 2022

| | Petrochemical segment | Glass industry segment (Industrial investment) | Industrial Services segment (Energy and utilities) | Financial services and investments segment (banks and financial services) | Other segments | Total |
|------------------------------------|-----------------------|--|--|---|----------------|-------------|
| Revenue | 4,904,209 | 20,978,316 | - | 8,557,442 | - | 34,439,967 |
| Net income / (loss) for the period | 4,117,747 | 20,186,909 | (678,457) | 7,399,483 | (83,592) | 30,942,090 |
| Total assets | 218,727,744 | 220,103,231 | 188,689,970 | 322,047,197 | 23,248,324 | 972,816,466 |
| Total liabilities | - | - | - | 1,976,625 | 2,867,699 | 4,844,324 |

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15. SEGMENT INFORMATION(CONTINUED)

The petrochemical sector represents the company's investment in Yanbu National Petrochemical (YANSAB) and the Arabian Industrial Fibers Company (Ibn Rushd), and the glass industry segment represents the company's investment in Obeikan Glass Company and AGC Obeikan Glass Company, and the Industrial Services segment represents the company's investment in the Industrialization and Energy Services Company And Alsalam Aerospace Industries Company, the services, and financial investments sector represent the company's investment in Deutsche Gulf Finance, and other financial investments and the other segments are represented in the remaining assets.

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements for the period ended 31 March 2023 were approved in 17 May 2023 corresponding to 27 Shawwal 1444H.