



SABIC AGRI-NUTRIENTS COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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Report on review of interim condensed consolidated financial statements

To the shareholders of SABIC Agri-Nutrients Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of SABIC Agri-Nutrients Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2023 and the related condensed consolidated statement of income and other comprehensive income for the three-month and nine-month periods then ended and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements 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 these interim condensed consolidated financial statements 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 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, 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A blue ink signature, appearing to read "Bader I. Benmohareb", written over a circular stamp or seal.

Bader I. Benmohareb
License Number 471

31 October 2023

Interim condensed consolidated statement of financial position

(All amounts in Saudi Riyals '000 unless otherwise stated)

		As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
	Notes		
ASSETS			
Non-current assets:			
Property, plant and equipment		8,406,095	8,378,415
Right-of-use assets		215,681	241,570
Intangible assets		65,088	80,490
Investment in an associate and joint venture	5	2,217,303	869,901
Investment in equity instruments	6	394,805	394,805
Other assets and receivables		415,828	343,822
Total non-current assets		11,714,800	10,309,003
Current assets:			
Inventories		734,357	733,993
Other assets and receivables		385,253	471,598
Trade receivables	7	1,946,256	2,560,964
Short-term investments		7,786,550	4,363,000
Cash and cash equivalents		1,518,195	8,618,127
Total current assets		12,370,611	16,747,682
TOTAL ASSETS		24,085,411	27,056,685
EQUITY AND LIABILITIES			
Share capital		4,760,354	4,760,354
Share premium		3,998,485	3,998,485
Statutory reserve		1,428,106	1,428,106
Other reserves		582,219	505,073
Retained earnings		6,774,167	9,201,968
Equity attributable to the equity holders of the Parent		17,543,331	19,893,986
Non-controlling interest		1,046,437	1,075,991
Total equity		18,589,768	20,969,977
Non-current liabilities:			
Lease liabilities		211,902	222,521
Employee benefits	8	976,484	986,134
Derivative financial instruments	9	2,246,250	2,373,750
Deferred tax liabilities		57,771	55,395
Total non-current liabilities		3,492,407	3,637,800

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

		As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
	Notes		
Current liabilities:			
Current portion of employee benefits		150,424	151,815
Current portion of lease liabilities		18,844	23,239
Trade payables		674,650	744,897
Other liabilities		679,573	776,877
Dividends payable	16	258,443	323,349
Income tax payable		-	25,956
Zakat payable		221,302	402,775
Total current liabilities		2,003,236	2,448,908
Total liabilities		5,495,643	6,086,708
TOTAL EQUITY AND LIABILITIES		24,085,411	27,056,685



Designated Member
Abdulaziz H. Al-Habdan



Chief Executive Officer
Abdulrahman Ahmed Shamsaddin



General Manager Finance
Ayed Habib Al-Haider

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of income and other comprehensive income

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Notes	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
		2023	2022*	2023	2022*
Revenue	11, 14	2,672,288	4,417,167	8,061,400	14,774,355
Cost of sales		(1,446,604)	(1,754,893)	(4,766,721)	(5,979,284)
Gross profit		1,225,684	2,662,274	3,294,679	8,795,071
Selling and distribution expenses		(71,116)	(117,181)	(213,111)	(244,354)
General and administration expenses		(132,089)	(115,972)	(393,132)	(359,173)
Research and development expenses		(19,635)	(14,246)	(50,103)	(41,469)
Expected credit loss allowance (ECL)		(804)	2,821	(1,883)	(229)
Other operating income, net		6,632	5,703	6,937	5,925
Operating profit		1,008,672	2,423,399	2,643,387	8,155,771
Share of results from an associate and joint venture	5	60,557	91,422	131,452	333,754
Finance income		125,374	42,379	426,481	107,613
Finance costs		(17,648)	(11,916)	(61,869)	(31,963)
Income before zakat and income tax		1,176,955	2,545,284	3,139,451	8,565,175
Zakat expense	10 (a)	(68,331)	(119,295)	(263,970)	(214,237)
Income tax expense	10 (b)	(11,008)	(18,386)	(36,508)	(95,826)
Deferred tax expense	10 (b)	(820)	(669)	(2,370)	(1,508)
Net income for the period		1,096,796	2,406,934	2,836,603	8,253,604
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the Parent		1,049,484	2,330,714	2,681,089	7,868,486
Non-controlling interest		47,312	76,220	155,514	385,118
		1,096,796	2,406,934	2,836,603	8,253,604

* In respect of 2022 comparative period, refer to Note 17 for certain reclassifications made.

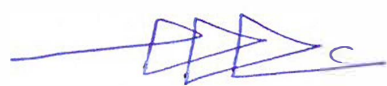
The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of income and other comprehensive income (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Notes	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
		2023	2022*	2023	2022*
Other comprehensive income					
Items that will not be reclassified to interim condensed consolidated statement of income:					
Net loss on fair value of equity investments	6	(55,519)	(39,860)	-	(212,587)
Re-measurement gain on defined benefit plans	8	68,064	97,150	68,911	284,134
Deferred tax impact on OCI	10 (b)	(6)	-	(6)	(24)
Items that will be reclassified to profit or loss in subsequent periods:					
Exchange difference on translation of foreign investment		2,922	5,332	8,266	-
Other comprehensive income for the period		15,461	62,622	77,171	71,523
Total comprehensive income for the period		1,112,257	2,469,556	2,913,774	8,325,127
Total comprehensive income for the period attributable to:					
Equity holders of the Parent		1,064,951	2,393,336	2,758,235	7,939,911
Non-controlling interests		47,306	76,220	155,539	385,216
		1,112,257	2,469,556	2,913,774	8,325,127
Earnings per share (Saudi Riyals)					
Basic and diluted earnings per share from net income attributable to the equity holders of the Parent	12	2.20	4.90	5.63	16.53


* In respect of 2022 comparative period, refer to Note 17 for certain reclassifications made.



Designated Member
Abdulaziz H. Al-Habdan



Chief Executive Officer
Abdulrahman Ahmed Shamsaddin



General Manager Finance
Ayed Habib Al-Haider

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Interim condensed consolidated statement of changes in equity

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Attributable to equity holders of the Parent						Non-controlling interest	Grand total
	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
As at 1 January 2022 (audited)	4,760,354	3,998,485	1,428,106	479,729	4,884,114	15,550,788	1,476,472	17,027,260
Net income for the period	-	-	-	-	7,868,486	7,868,486	385,118	8,253,604
Other comprehensive income for the period	-	-	-	(212,587)	284,012	71,425	98	71,523
Total comprehensive income for the period	-	-	-	(212,587)	8,152,498	7,939,911	385,216	8,325,127
<i>Transactions with owners in their capacity as owners</i>								
Income tax reimbursed	-	-	-	-	-	-	103,824	103,824
Dividends (Note 16)	-	-	-	-	(3,332,248)	(3,332,248)	(825,000)	(4,157,248)
As at 30 September 2022 (unaudited)	4,760,354	3,998,485	1,428,106	267,142	9,704,364	20,158,451	1,140,512	21,298,963
 As at 1 January 2023 (audited)	 4,760,354	 3,998,485	 1,428,106	 505,073	 9,201,968	 19,893,986	 1,075,991	 20,969,977
Net income for the period	-	-	-	-	2,681,089	2,681,089	155,514	2,836,603
Other comprehensive income for the period	-	-	-	77,146	-	77,146	25	77,171
Total comprehensive income for the period	-	-	-	77,146	2,681,089	2,758,235	155,539	2,913,774
Change in fair value of derivative financial instrument	-	-	-	-	127,500	127,500	-	127,500
<i>Transactions with owners in their capacity as owners</i>								
Income tax reimbursed	-	-	-	-	-	-	104,907	104,907
Dividends (Note 16)	-	-	-	-	(5,236,390)	(5,236,390)	(290,000)	(5,526,390)
As at 30 September 2023 (unaudited)	4,760,354	3,998,485	1,428,106	582,219	6,774,167	17,543,331	1,046,437	18,589,768



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Interim condensed consolidated statement of cash flows

(All amounts in Saudi Riyals '000 unless otherwise stated)

		For the nine-month period ended 30 September (Unaudited)	
	Note	2023	2022*
Operating activities:			
Income before zakat and income tax		3,139,451	8,565,175
<i>Adjustments to reconcile income before zakat and income tax to net cash from operating activities:</i>			
- Depreciation of property, plant and equipment		642,256	606,900
- Depreciation of right-of-use assets		19,081	26,374
- Amortization of intangible assets		8,061	8,213
- Employees' benefits charge		51,635	59,408
- Share of results of an associate and joint venture	5	(131,452)	(333,754)
- Provision for slow moving and obsolete inventories		(40,871)	31,184
- Loss on disposal of property, plant and equipment		6,048	13,065
- Expected credit loss allowance (ECL)		1,883	229
- Finance income		(426,481)	(107,613)
- Finance costs		61,869	31,963
		3,331,480	8,901,144
<i>Change in operating assets and liabilities:</i>			
Inventories		40,507	(47,820)
Trade receivables		612,825	(395,111)
Other assets and receivables		27,753	(32,051)
Current portion of employee benefits		(1,391)	19,067
Trade payables		(70,247)	782,408
Other current liabilities		(97,283)	(91,205)
Cash generated from operations		3,843,644	9,136,432
Employees' benefits paid		(29,275)	(26,057)
Finance income received		371,329	99,825
Finance costs paid		(24,968)	(3,074)
Zakat and income tax paid		(498,711)	(341,343)
Net cash from operating activities		3,662,019	8,865,783
Investing activities:			
Purchase of property, plant and equipment		(743,477)	(358,440)
Proceeds from disposal of property, plant and equipment		-	1,041
Purchase of intangible assets		-	(3,016)
Investment in joint venture		(1,207,684)	-
Dividends received from an associate		-	307,500
Short term investments - placements		(8,464,174)	(11,993,225)
Short term investments - proceeds		5,148,000	7,629,475
Net cash used in investing activities		(5,267,335)	(4,416,665)
Financing activities:			
Payment of lease liabilities principal portion		(8,206)	(22,593)
Dividends paid to the Company's shareholders		(5,212,061)	(3,305,850)
Dividends paid to the non-controlling interest in a subsidiary.		(274,349)	(447,079)
Net cash used in financing activities		(5,494,616)	(3,775,522)
Change in cash and cash equivalents		(7,099,932)	673,596
Cash and cash equivalents at the beginning of the period		8,618,127	5,294,786
Cash and cash equivalents at the end of the period		1,518,195	5,968,382

* In respect of 2022 comparative period, refer to Note 17 for certain reclassifications made.

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

For the nine-month period ended 30 September
(Unaudited)

	2023	2022*
Significant non-cash transactions:		
Transfers from property, plant and equipment to other assets and receivables	67,493	16,674
Transfers from property, plant and equipment to intangibles	-	366
Right of use assets recognized against corresponding lease liability	-	24,190
Transfer of intangible assets to other assets and receivables	7,341	-

* In respect of 2022 comparative period, refer to Note 17 for certain reclassifications made.


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Notes to the interim condensed consolidated financial statements

(All amounts in Saudi Riyals '000 unless otherwise stated)

1. Corporate information

SABIC Agri-Nutrients Company ("the Company"), is a Saudi Joint Stock Company incorporated under Royal Decree Number M/13 dated 11 Jumada I 1385H (corresponding to 7 September 1965). The Company was initially registered in the city of Dammam with commercial registration number 2050001841 dated 1 Dhul al-Hijjah 1385H (corresponding to 24 March 1966), and later on the Company's head office was shifted to Jubail Industrial City with commercial registration number 2055002359 dated 29 Shawwal 1411H (corresponding to 14 May 1991). The previous commercial registration was converted to a branch and then cancelled in 2013.

The shareholders of the Company in their Annual General Meeting on 12 Ramadan 1443 (corresponding to 13 April 2022) decided to change the registered office of the Company from Jubail to Riyadh. Effective 20 Dhul Hijjah 1443H (corresponding to 19 July 2022), the registered office of the Company was changed to P.O Box 13244, Airport branch road, Qurtubah District, Riyadh.

The Company and its subsidiaries (collectively the "Group") are mainly engaged in the production, conversion, manufacturing of agri-nutrients and chemical products of all types for marketing and trade inside and outside the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements of the Group for the three-month and nine-month periods ended 30 September 2023 were authorised for issue by the Board of Directors on 14 Rabi' Al-Akhar 1445H (corresponding to 29 October 2023).

On 21 Jumada II 1443H (corresponding to 24 January 2022), the Company signed a Share Purchase Agreement (SPA) to acquire 49% of the share capital of ETG Inputs Holdco Limited ("EIHL") with SABIC Agri-Nutrients Investments Company ("SANIC"), a wholly-owned subsidiary of the Company, as its nominee. This acquisition is part of the Company's strategy to integrate the value chain, include blending and distribution of agri-nutrients products in the global markets and move closer to the end customer.

On 19 Ramadan 1444H (corresponding to 10 April 2023), SANIC has completed the acquisition procedure of 49% shareholding in EIHL in terms of getting the regulatory approvals in compliance with the terms and conditions of the Share Purchase Agreement (SPA). As per the SPA, SANIC is required to pay a fixed consideration of Saudi Riyals 1,200 million which shall be adjusted for debt, cash and cash equivalent and working capital changes as at 10 April 2023.

During the three-month period ended 30 September 2023, SANIC finalised the total amount of consideration payable to be Saudi Riyals 1,207.7 million based on the final agreed figures at the completion date. Management has assessed this arrangement to be a joint venture and has accounted for this under the equity method of accounting. Refer Note 5.

At the reporting date, management has not completed the provisional price exercise to determine the fair values attributable to the acquisition of the joint venture. The provisional price exercise and the detailed purchase price allocation for all the assets and liabilities of EIHL which forms part of the transaction is due to be completed within one year from the date of acquisition. Hence, the adjustment to consideration shall be made once the completion formalities are executed. Accordingly, the details of the assets and liabilities forming part of this transaction are also not disclosed in these interim condensed consolidated financial statements.

The Company has the following subsidiaries, associate and joint venture through direct and indirect shareholding as at 30 September 2023 and 31 December 2022:

Name	Relationship	Country of incorporation	Principal activities	% Shareholding	
				30 September 2023	31 December 2022
National Chemical Fertiliser Company ("Ibn Al-Baytar")	Subsidiary	KSA	Agri-nutrients	100	100
SABIC Agri-Nutrients Investments Company ("SANIC")	Subsidiary	KSA	Agri-nutrients	100	100
Al-Jubail Fertiliser Company ("Al-Bayroni")	Subsidiary	KSA	Agri-nutrients and petrochemicals	50	50
Gulf Petrochemical Industries ("GPIC")	Associate	Bahrain	Agri-nutrients	33.33	33.33
ETG Inputs Holdco Limited and its subsidiaries (EIHL)	Joint Venture	UAE	Agri-nutrients	49	-

The Company also holds 3.87% equity interest in Arabian Industrial Fibers Company (Ibn Rushd) and 1.69% equity interest in Yanbu National Petrochemicals Company (Yansab).

2. Basis of preparation

These interim condensed consolidated financial statements for the three-month and nine-month periods ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

2. Basis of preparation (continued)

The interim condensed consolidated financial statements do not include all the 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 2022 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the Group's consolidated financial position and performance since the Last Annual Financial Statements.

An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

The interim condensed consolidated financial statements are prepared under the historical cost convention using the accruals basis of accounting, except for the measurement at fair value of certain financial assets through the interim condensed consolidated statement of income and other comprehensive income and derivative financial instruments through retained earnings. Further, post-employment benefits are measured at the present value of the defined benefit obligation using the projected unit credit method using actuarial present value calculations.

2.1 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of the following accounting policies which became applicable during 2023 upon the Company's investment in EIHL:

Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the legal structure of the joint arrangement and also the contractual rights and obligations of each investor. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint operations:

A joint operation is an arrangement whereby the parties that have joint control on the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held assets or incurred liabilities, revenues and expenses for its joint operations.

Joint ventures:

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the interim condensed consolidated statement of financial position.

Under the equity method of accounting, the investments in joint venture are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition results in the interim condensed consolidated statement of income, and the Group's share of movements in OCI in the interim condensed consolidated statement of comprehensive income. Dividends received from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it is liable due to constructive or legal obligations on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the interim condensed consolidated statement of income.

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

2. Basis of preparation (continued)

2.1 Summary of significant accounting policies (continued)

Investments in joint arrangements (continued)

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the interim condensed consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to the interim condensed consolidated statement of income.

If the ownership interest in a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in OCI, except for the items that will not be reclassified to the interim condensed consolidated statement of comprehensive income, are reclassified to the interim condensed consolidated statement of income, where appropriate.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adopted amendments to IFRS as elaborated below.

The Group has adopted the following relevant amendments to IFRS as endorsed in the KSA, which are effective for periods beginning on and after 1 January 2023, and have no impact on the Group:

2.2.1 Amendments to IAS 8 'Definition of accounting estimates' clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify how measurement techniques and inputs to develop accounting estimates should be used.

2.2.2 Amendments to IAS 12 'Income Taxes, International Tax Reform – Pillar Two Model Rules' was issued on 23 May 2023 and is to be applied from 1 January 2023. This amendment introduced an exception to the accounting treatment of deferred taxes. An entity will not recognize and will not disclose information about deferred tax assets and liabilities related to the Pillar Two taxes, established under an OECD Inclusive Framework. Multinational groups with consolidated revenues over EUR 750 million will be required to top-up their income taxes in each jurisdiction to a minimum effective tax rate of 15%. The exception for deferred taxes has been applied since issuance of the IAS 12 amendments on 23 May 2023. The remaining disclosure requirements are applicable for annual reporting periods beginning on or after 1 January 2024.

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. The accounting estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2022.

4. Fair value measurement

	As at 30 September 2023 (Unaudited)				As at 31 December 2022 (Audited)			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Financial assets								
Investment in quoted equity instruments	394,805	-	-	394,805	394,805	-	-	394,805
Trade receivables	-	-	851,354	851,354	-	-	425,625	425,625
Total	394,805	-	851,354	1,246,159	394,805	-	425,625	820,430
Financial liabilities								
Derivatives financial instruments	-	-	2,246,250	2,246,250	-	-	2,373,750	2,373,750
Total	-	-	2,246,250	2,246,250	-	-	2,373,750	2,373,750

The classification methodology used in this disclosure is in line with the annual consolidated financial statements. There were no transfers between Level I, Level II or Level III for the nine-month period ended 30 September 2023.

Description	Valuation technique	Significant non-observable input
Derivative financial instruments	Market approach	Put options and forward contracts: - Equity value to EBITDA multiple
		4.49

The Group has financial instruments, which are measured at fair value.

The key movements during the nine-month period ended 30 September 2023 in Level III fair values of financial assets was Saudi Riyals 37.2 million (30 September 2022: Saudi Riyals 490.5 million) and financial liabilities was Saudi Riyals 127.5 million (30 September 2022: Nil) related to fair value loss of derivative financial instruments.

The Group assessed that the fair value of trade receivables (carried at amortized cost), short-term investments, cash and cash equivalents, trade payables and other financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

A change in the significant non-observable inputs would result in a change in the value of the derivative financial instrument as follow:

	Change in the significant non-observable inputs		Derivative financial instruments value "000"			
			As at 30 September 2023 (unaudited)		As at 31 December 2022 (audited)	
	From	To	From	To	From	To
Increase equity value to EBITDA multiple by 10%	4.49	4.94	2,246,250	2,460,000	2,373,750	2,648,433
Decrease equity value to EBITDA multiple by 10%	4.49	4.04	2,246,250	2,028,750	2,373,750	2,058,219

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

5. Investment in an associate and joint venture

Investment in associate comprises of investment in Gulf Petrochemical Industries (GPIC), which is incorporated in the Kingdom of Bahrain and is engaged in manufacturing and exporting of ammonia, urea and methanol products. Investment in joint venture comprises of investment in ETG Inputs Holdco Limited ("EIHL"), which is incorporated in Dubai, United Arab Emirates. EIHL is a group of companies engaged in the trading, processing and distribution of agri-nutrient products. Refer Note 1.

Investment in an associate and joint venture are accounted for using the equity method. The table below provides the movement of investment in both GPIC and EIHL during the period:

	Nine-month period ended 30 September 2023 (Unaudited)	Year ended 31 December 2022 (Audited)
Opening balance	869,901	769,088
Acquired during the period (Note 1)	1,207,684	-
Share of profit for the period / year	131,452	408,315
Dividends received	-	(307,502)
Movement in OCI "Foreign exchange"	8,266	-
Closing balance	2,217,303	869,901

6. Investment in equity instruments

	Nine-month period ended 30 September 2023 (Unaudited)		Year ended 31 December 2022 (Audited)	
	Local-quoted	Local-unquoted	Local-quoted	Local-unquoted
Cost:				
At the beginning and end of the period/year	94,905	77,363	94,905	77,363
Fair value reserve of financial assets at FVOCI:				
At the beginning of the period/year	299,900	(77,363)	557,092	(77,363)
Change in the fair value reserve during the period/year	-	-	(257,192)	-
At the end of the period/year	299,900	(77,363)	299,900	(77,363)
Carrying amounts	394,805	-	394,805	-

Quoted investments represent 1.69% (31 December 2022: 1.69%) shares held in Yanbu National Petrochemical Company (Yansab), a listed entity in Tadawul. Unquoted investments represent 3.87% (31 December 2022: 3.87%) shares held in Arabian Industrial Fibers Company (Ibn Rushd), a subsidiary of SABIC. Both the investments are carried at fair value. Refer Note 4.

7. Trade receivables

	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
Trade receivables	400,289	1,514,000
Due from Taiwan Fertilizer Company Limited ("TFC")	-	41,263
Trade receivables due from related parties	1,548,272	1,006,123
	1,948,561	2,561,386
Less: allowance for expected credit losses	(2,305)	(422)
	1,946,256	2,560,964

Trade receivables due from related parties includes Saudi Riyals 851.4 million (31 December 2022: Saudi Riyals 426.6 million) carried at fair value. Refer Note 4.

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

8. Employee benefits

	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
Defined benefit obligations (DBO)	976,484	986,134
Total defined benefit obligation presented under non-current liabilities	976,484	986,134
Employee savings plan	150,424	151,815
Total defined contribution plan presented under current liabilities	150,424	151,815

The following table represents charge in the interim condensed consolidated statement of income and other comprehensive income

	Nine-month period ended 30 September (Unaudited)	
	2023	2022
Current service cost	51,635	59,408
Interest cost	36,901	28,889
Re-measurement gains on defined benefit plans	(68,911)	(284,134)
	19,625	(195,837)

9. Derivative financial instruments

	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
Opening balance	2,373,750	-
Transfer of obligations to acquire the remaining shares of Al-Bayroni	-	2,373,750
Change in fair value of derivative	(127,500)	-
Closing balance	2,246,250	2,373,750

A Joint Venture (JV) Agreement dated 4 December 1979 was signed between SABIC and TFC for the joint ownership of Al-Bayroni. Upon acquisition of SANIC in 2021, the JV agreement was novated from SABIC to SANIC with effect from 29 December 2022. Hence, the rights and obligations in the JV agreement were transferred to SANIC during 2022 including the liability to acquire the remaining shares of Al-Bayroni upon termination of the JV agreement. The amount of the liability in the form of a forward contract transferred by SABIC amounting to Saudi Riyals 2.4 billion was recorded in the previous year as a non-current liability with adjustment in retained earnings. Subsequent changes in the fair value of the liability are recorded against the retained earnings. Refer Note 4.

10. Zakat and income tax

a) Zakat charge

	Nine-month period ended 30 September (Unaudited)	
	2023	2022
Provision for the period	185,656	219,589
Adjustments	78,314	(5,352)
	263,970	214,237

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

10. Zakat and income tax (continued)

b) Income tax charge

	Nine-month period ended 30 September (Unaudited)	
	2023	2022
<u>Current tax</u>		
Provision for the period	36,508	94,983
Adjustments	-	843
	36,508	95,826
<u>Deferred income tax</u>		
Increase in deferred tax liabilities	2,370	1,508
Effect of deferred tax on OCI	6	24
Total income tax expense reported in the interim condensed consolidated statement of income and other comprehensive income	38,884	97,358

Management determines the estimated tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

c) Status of assessments

The zakat and income tax assessment status of the Group is the same from what was disclosed in the consolidated financial statements for the year ended 31 December 2022 with the addition of submission of zakat and tax returns and obtaining the certificates up to the year ended 31 December 2022.

11. Revenue

	Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
	2023	2022	2023	2022
Sales of goods revenue	2,582,535	4,333,683	7,772,286	14,324,782
Transportation services	89,753	83,484	289,114	449,573
	2,672,288	4,417,167	8,061,400	14,774,355

There is no revenue that has been recognized in 2023 from performance obligations partially satisfied in previous years. All unfulfilled remaining performance obligations as at 30 September 2023 are expected to be satisfied in the following period.

12. Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period. The following reflects the income and shares data used in the basic and diluted earnings per share computations:

	Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
	2023	2022	2023	2022
Net income attributable to equity holders of the Parent (Saudi Riyals '000)	1,049,484	2,330,714	2,681,089	7,868,486
Weighted average number of ordinary shares ('000)	476,035	476,035	476,035	476,035
Basic and diluted earnings per share from net income attributable to equity holders of the Parent (Saudi Riyals)	2.20	4.90	5.63	16.53

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

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

13. Related party transactions and balances

Related parties represent the ultimate parent company, parent company, shareholders, associated companies, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The following is the list of the major related parties of the Group:

Details	Nature of relationship
Saudi Arabian Oil Company ("Saudi Aramco")	Ultimate parent
Saudi Basic Industries Corporation ("SABIC")	Controlling shareholder and Parent Company
SABIC associates	Entities where SABIC has significant influence
SABIC affiliates	Entities where SABIC has control
TFC	Non-controlling interest in Al-Bayroni
ETG Agri Inputs FZE	Subsidiary of EIHL

The following table provides the total amount of significant transactions that have been entered into with related parties during the three-month and nine-month periods ended 30 September 2023 and 2022, as well as balances with related parties as at 30 September 2023 and December 31, 2022:

	For the three-month period ended 30 September 2023		For the nine-month period ended 30 September 2023	
	Sales to related parties	Purchases, shared services charges, T&I and other charges	Sales to related parties	Purchases, shared services charges, T&I and other charges
SABIC	159,261	(256,820)	513,792	(465,833)
Saudi Aramco	-	(186,776)	19	(530,136)
SABIC associates	-	(560,796)	-	(2,316,760)
SABIC affiliates	1,557,655	(120,509)	4,378,374	(374,278)
TFC	5,696	-	22,858	-
ETG Agri Inputs FZE	197,429	-	274,624	-
	For the three-month period ended 30 September 2022		For the nine-month period ended 30 September 2022	
SABIC	181,257	(73,588)	741,380	(178,595)
Saudi Aramco	-	(187,168)	-	(392,479)
SABIC associates	-	(1,046,580)	-	(3,225,238)
SABIC affiliates	1,604,495	(172,212)	8,426,470	(461,063)

Also see Note 16 for dividends distributions.

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

13. Related party transactions and balances (continued)

	As at 30 September 2023		As at 31 December 2022	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
SABIC	144,134	(105,584)	123,184	(207,403)
Saudi Aramco	-	(72,595)	-	(67,193)
SABIC associates	6,751	(441,331)	-	(395,144)
SABIC affiliates	1,200,478	(9,780)	882,939	(9,127)
TFC	-	-	41,263	-
ETG Agri Inputs FZE	196,909	-	-	-

14. Segment information

For management purposes, the Group is organized into two Strategic Business Units ("SBUs"), a wholly owned manufacturing business, which based on its products is grouped into two reporting segments (Agri-nutrients and Petrochemicals). Products in the agri-nutrients segment comprise of Ammonia, Urea and Phosphate (DAP/ MAP) while products in the Petrochemicals segment comprise of 2-Ethyl Hexanol and Dioctyl Phthalate.

Based on a management decision and in line with management reporting, the income and expenses relating to the corporate segment, have been allocated over the Petrochemicals and Agri-nutrients SBUs according to an internally agreed consistent basis. The performance of the SBUs is reviewed internally by the Chief Operating Decision Maker ("CODM") (i.e. the Board of Directors) based on the statement of income only. Assets and liabilities are not included in the measures used by the CODM, hence segment assets and liabilities are not reported in the below segment disclosure. All operating assets of the Group are located in the Kingdom of Saudi Arabia. Revenues of approximately Saudi Riyals 4.4 billion for the period ended 30 September 2023 were derived from two related party customers (30 September 2022: Saudi Riyals 8.4 billion). See Note 13.

All intercompany transactions within the reporting segments have been appropriately eliminated. The segments' financial details (unaudited) are shown below:

	For the three-month period ended 30 September 2023		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	160,744	2,511,544	2,672,288
Depreciation and amortization	(18,413)	(218,929)	(237,342)
Income from operations	24,834	983,838	1,008,672
Share of results of an associate	-	60,557	60,557
Finance income	1,074	124,300	125,374
Finance cost	(485)	(17,163)	(17,648)
Income before zakat and income tax	25,423	1,151,532	1,176,955

	For the three-month period ended 30 September 2022		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	179,641	4,237,526	4,417,167
Depreciation and amortization	(13,026)	(206,408)	(219,434)
Income from operations	41,077	2,382,322	2,423,399
Share of results of an associate	-	91,422	91,422
Finance income	447	41,932	42,379
Finance cost	(297)	(11,619)	(11,916)
Income before zakat and income tax	41,227	2,504,057	2,545,284

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

14. Segment information (continued)

	For the nine-month period ended 30 September 2023		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	519,898	7,541,502	8,061,400
Depreciation and amortization	(55,116)	(614,517)	(669,633)
Income from operations	108,399	2,534,988	2,643,387
Share of results of an associate	-	131,452	131,452
Finance income	3,466	423,015	426,481
Finance cost	(4,183)	(57,686)	(61,869)
Income before zakat and income tax	107,682	3,031,769	3,139,451

	For the nine-month period ended 30 September 2022		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	643,624	14,130,731	14,774,355
Depreciation and amortization	(41,067)	(636,382)	(677,449)
Income from operations	189,239	7,966,532	8,155,771
Share of results of an associate	-	333,754	333,754
Finance income	1,024	106,589	107,613
Finance cost	(1,397)	(30,566)	(31,963)
Income before zakat and income tax	188,866	8,376,309	8,565,175

The Group sells products to the Controlling Shareholder (SABIC) as well as directly to the customers located inside and outside of the Kingdom of Saudi Arabia.

Geographical distribution of revenue based on the location of the customer:

	For the nine-month period ended 30 September 2023 (Unaudited)		For the nine-month period ended 30 September 2022 (Unaudited)	
Americas	1,674,561	21%	3,078,483	21%
India	1,218,897	15%	2,407,453	16%
Singapore	2,680,922	33%	5,462,477	37%
U.A.E	362,014	5%	248,612	2%
Saudi Arabia	1,233,019	15%	1,830,571	12%
Others	891,987	11%	1,746,759	12%
	8,061,400	100%	14,774,355	100%

	For the three-month period ended 30 September 2023 (Unaudited)		For the three-month period ended 30 September 2022 (Unaudited)	
Americas	730,196	27%	864,142	20%
India	168,575	6%	812,758	18%
Singapore	819,079	31%	858,888	19%
U.A.E	219,951	8%	93,958	2%
Saudi Arabia	394,236	15%	545,095	12%
Others	340,251	13%	1,242,326	29%
	2,672,288	100%	4,417,167	100%

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

15. Commitment and contingencies

Capital commitments

The Board of Directors approved future capital expenditure amounting to Saudi Riyals 689.2 million (31 December 2022: Saudi Riyals 778.3 million).

The Group also has lease arrangements with Royal Commission for Jubail and Yanbu where the Group is obliged to restore the land to its original condition by the end of the lease term as per the terms of the agreement.

Letter of guarantee

Banks have issued guarantees on behalf of the Group amounting to Saudi Riyals 202 million (31 December 2022: Saudi Riyals 208 million) in favour of customs, port authorities and suppliers.

16. Appropriation of net income and dividends distributions

Dividends attributable to the shareholders of the Company

On 16 Thul-Qa'adh 1444H (corresponding to 5 June 2023), the Board of Directors approved to distribute an interim cash dividend amounting to Saudi Riyals 3 per share (Saudi Riyals 1,428 million in total) for the first half of 2023. Dividends were available for distribution on 13 Muharram 1445H (corresponding to 31 July 2023).

On 25 Jamada 1 1444H (corresponding to 19 December 2022), the Board of Directors recommended to distribute a cash dividend amounting to Saudi Riyals 8 per share (Saudi Riyals 3,808 million in total) for the second half of 2022. These proposed dividends were approved by the General Assembly in their meeting held on 4 Ramadan 1444H (corresponding to 26 March 2023).

Dividends attributable to the non-controlling interest

On 10 Rabi' Al-Awwal 1445H (corresponding to 25 September 2023), the Board of Directors of Al-Bayroni approved to distribute interim dividends for the period ended 30 September 2023 amounting to Saudi Riyals 240 million (Saudi Riyals 120 million to each Partner). Dividends were available for distribution to the Partners on 13 Rabi' Al-Awwal 1445H (corresponding to 28 September 2023).

On 2 Thul-Hijjah 1444H (corresponding to 20 June 2023), the Board of Directors of Al-Bayroni approved to distribute interim dividends for the period ended 30 June 2023 amounting to Saudi Riyals 240 million (Saudi Riyals 120 million to each Partner). Dividends were available for distribution to the Partners on 18 Thul-Hijjah 1444H (corresponding to 6 July 2023).

On 6 Ramadan 1444H (corresponding to 28 March 2023), the Board of Directors of Al-Bayroni approved to distribute interim dividends for the period ended 31 March 2023 amounting to Saudi Riyals 100 million (Saudi Riyals 50 million to each Partner). Dividends were available for distribution to the Partners on 8 Ramadan 1444H (corresponding to 30 March 2023).

Bank balances include cash held in separate bank accounts amounting to Saudi Riyals 156 million (31 December 2022: Saudi Riyals 132 million) for dividend payable. Also, bank balances include cash of Saudi Riyals 45 million (31 December 2022: Saudi Riyals 45 million) kept in a separate bank account for donations. The cash held in these bank accounts is available for access by the Group at any point in time.

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

17. Reclassification in comparative numbers

Certain prior period's figures have been reclassified to conform with the current period's presentation. As such, the prior period comparative figures have been reclassified. These reclassifications are consistent with the accounting presentation adopted in the consolidated financial statements for the year ended 31 December 2022 and have no impact on previously reported net income, retained earnings or cash positions:

	As previously reported	Amount of reclassification	Reclassified amounts
Interim condensed consolidated statement of income and other comprehensive income			
For the nine-month period ended 30 September 2022			
Cost of sales (i)	(5,529,711)	(449,573)	(5,979,284)
Gross profit	9,244,644	(449,573)	8,795,071
Selling and distribution expenses (i)	(693,927)	449,573	(244,354)
General and administrative expenses (ii)	(400,642)	41,469	(359,173)
Research and development expenses (ii)	-	(41,469)	(41,469)
Expected credit loss allowance (ECL) (iii)	-	(229)	(229)
Other operating (expense) income, net (iii)	-	5,925	5,925
Operating profit	8,150,075	5,696	8,155,771
Other operating (expense) income, net (iii)	5,925	(5,925)	-
Expected credit loss allowance (ECL) (iii)	(229)	229	-

Interim condensed consolidated statement of cash flows

For the nine-month period ended 30 September 2022

Increase in current portion of employee benefits (iv)	-	19,067	19,067
Employees' benefits charge (iv)	87,061	(27,653)	59,408
Employees' benefits paid (iv)	(56,599)	30,542	(26,057)
Increase in other assets and receivables (v)	(100,005)	67,954	(32,051)
Finance income received (v)	-	99,825	99,825
Net cash from operating activities	8,676,048	189,735	8,865,783
Finance income received (v)	99,825	(99,825)	-
Decrease in other assets and receivables (v)	67,954	(67,954)	-
Net cash used in investing activities	(4,248,886)	(167,779)	(4,416,665)
Increase in cash and cash equivalents	651,640	21,956	673,596
Cash and cash equivalents at the beginning of the period (iv)	5,230,912	63,874	5,294,786
Cash and cash equivalents at the end of the period (iv)	5,882,552	85,830	5,968,382

Interim condensed consolidated statement of income and other comprehensive income

For the three-month period ended 30 September 2022

Cost of sales (i)	(1,671,409)	(83,484)	(1,754,893)
Gross profit	2,745,758	(83,484)	2,662,274
Selling and distribution expenses (i)	(200,665)	83,484	(117,181)
General and administrative expenses (ii)	(130,218)	14,246	(115,972)
Research and development expenses (ii)	-	(14,246)	(14,246)
Expected credit loss allowance (ECL) (iii)	-	2,821	2,821
Other operating (expense) income, net (iii)	-	5,703	5,703
Operating profit	2,414,875	8,524	2,423,399
Other operating (expense) income, net (iii)	5,703	(5,703)	-
Expected credit loss allowance (ECL) (iii)	2,821	(2,821)	-

Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

17. Reclassification in comparative numbers (continued)

- (i) The Group has reclassified the costs associated with the performance obligation related to transportation revenue from 'Selling and distribution expenses' to 'Cost of sales' resulting in a reclassification of Saudi Riyals 449.6 million (3 month period Saudi Riyals 83.5 million) in the comparative interim condensed consolidated statement of income and other comprehensive income.
- (ii) The Group reclassified the research and development expenses amounting to Saudi Riyals 41.5 million (3 month period Saudi Riyals 14.2 million) from 'General and administrative expenses' into a separate line 'Research and development expenses' on the face of the comparative interim condensed consolidated statement of income and other comprehensive income in order to provide more transparent presentation and to align with industry best practices in terms of visibility of the Group's effort on research, development and sustainability respective expenses.
- (iii) As part of the IASB Primary Financial Statements project, 'other operating income and expense was identified as subject to different interpretations. In accordance with international practice and based on the Group's reassessment, 'other operating income and expense' amounting to 5.9 million for the nine -month period ended 30 September 2022 (three-month period Saudi Riyals 5.7 million), have been categorized as operating activities and presented within 'operating profit' in the comparative interim condensed consolidated statement of income and other comprehensive income. Further, the expense related to 'Expected credit loss allowance' (ECL) amounting to Saudi Riyals 0.2 million for the nine -month period ended 30 September 2022 (three-month period reversal of Saudi Riyals 2.8 million) has been categorized as operating activities and presented within 'operating profit' as well in the comparative interim condensed consolidated statement of income and other comprehensive income.
- (iv) The Group offers savings plans to its employees based in KSA. Employee contributions to the plan are made to dedicated bank accounts managed by the Group. As these cash balances do not meet the definition of plan assets under IAS 19 'Employee Benefits', the Group had reclassified the cash balances and related employee saving obligations and presented them on a gross basis as current asset and current liability in the balances as of 30 September 2022 and 01 January 2022 which are not presented as comparative figures in these interim condensed consolidated financial statements but have an impact on the comparative interim condensed statement of cash flow for nine months period ended 30 September 2022. The cash balance which required reclassification amounts to Saudi Riyals 85.8 million and the liability which requires reclassification to current liabilities amounts to Saudi Riyals 129.7 million as at 30 September 2022. The movement of these balances from 01 January 2022 to 30 September 2022 which is impacting the interim condensed consolidated statement of cash flow is disclosed in the note above.
- (v) The Group reclassified the change in other assets and receivables (non-current portion) and finance income received amounting to Saudi Riyals 68 million and 99.8 million, respectively, from investing to operating activities in the comparative interim condensed consolidated statement of cash flows. The reclassification has a total net increase of Saudi Riyals 167.8 million in the net cash from operating activities.