



# SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021 AND  
INDEPENDENT AUDITOR'S REVIEW REPORT

A large decorative graphic on the right side of the page consists of two overlapping shapes. The top shape is a blue trapezoid that tapers towards the right. The bottom shape is an orange trapezoid that tapers towards the left, overlapping the bottom edge of the blue shape.

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**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Basic Industries Corporation (SABIC)  
(A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Basic Industries Corporation ("SABIC") and its subsidiaries (collectively with SABIC referred to as "the Group") as at 30 June 2021, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2021, and the related interim condensed consolidated statements changes in equity and cash flows for the six-month 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 consolidated 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 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" 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 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

  
Fahad M. Al-Toaimi  
Certified Public Accountant  
License No. (354)

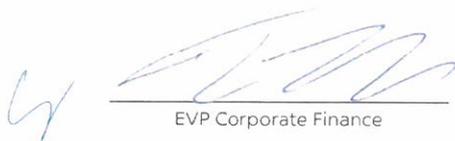
Riyadh: 25 Dhul Hijjah 1442H  
(4 August 2021)



## Interim condensed consolidated statement of financial position

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

|                                                                                | <i>Notes</i> | As at<br>30 June 2021 | As at<br>31 December 2020 |
|--------------------------------------------------------------------------------|--------------|-----------------------|---------------------------|
| <b>ASSETS</b>                                                                  |              |                       |                           |
| <b>Non-current assets:</b>                                                     |              |                       |                           |
| Property, plant and equipment                                                  |              | 133,810,825           | 136,179,720               |
| Right-of-use assets                                                            |              | 5,638,866             | 5,623,854                 |
| Intangible assets                                                              |              | 20,270,921            | 20,662,197                |
| Investments in associates and joint ventures                                   |              | 41,647,636            | 40,578,670                |
| Other non-current assets                                                       | 5            | 11,458,918            | 11,031,457                |
| <b>Total non-current assets</b>                                                |              | <b>212,827,166</b>    | 214,075,898               |
| <b>Current assets:</b>                                                         |              |                       |                           |
| Inventories                                                                    |              | 22,509,715            | 19,311,198                |
| Trade receivables                                                              |              | 22,935,801            | 16,927,713                |
| Prepayments and other current assets                                           |              | 4,857,866             | 6,141,597                 |
| Short-term investments                                                         |              | 5,704,908             | 5,855,928                 |
| Cash and bank balances                                                         |              | 33,489,733            | 33,156,216                |
| <b>Total current assets</b>                                                    |              | <b>89,498,023</b>     | 81,392,652                |
| <b>TOTAL ASSETS</b>                                                            |              | <b>302,325,189</b>    | 295,468,550               |
| <b>EQUITY AND LIABILITIES</b>                                                  |              |                       |                           |
| Equity attributable to equity holders of the Parent                            |              | 169,336,084           | 167,626,374               |
| Non-controlling interests                                                      |              | 28,886,492            | 26,610,751                |
| <b>Total equity</b>                                                            |              | <b>198,222,576</b>    | 194,237,125               |
| <b>Non-current liabilities:</b>                                                |              |                       |                           |
| Long-term debt and lease liabilities                                           |              | 34,744,500            | 37,996,470                |
| Employee benefits                                                              |              | 18,999,212            | 19,655,985                |
| Other non-current liabilities                                                  | 6            | 6,265,856             | 6,086,060                 |
| <b>Total non-current liabilities</b>                                           |              | <b>60,009,568</b>     | 63,738,515                |
| <b>Current liabilities:</b>                                                    |              |                       |                           |
| Short-term borrowings, current portion of long-term debt and lease liabilities |              | 6,746,138             | 7,989,565                 |
| Trade payables and other current liabilities                                   |              | 37,346,907            | 29,503,345                |
| <b>Total current liabilities</b>                                               |              | <b>44,093,045</b>     | 37,492,910                |
| <b>Total liabilities</b>                                                       |              | <b>104,102,613</b>    | 101,231,425               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                            |              | <b>302,325,189</b>    | 295,468,550               |

  
EVP Corporate Finance

  
Vice Chairman & CEO

  
Authorised Board of Directors Member

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

## Interim condensed consolidated statement of income

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

|                                                                                           | For the three months period<br>ended 30 June |                    | For the six months period<br>ended 30 June |                    |
|-------------------------------------------------------------------------------------------|----------------------------------------------|--------------------|--------------------------------------------|--------------------|
|                                                                                           | 2021                                         | 2020               | 2021                                       | 2020               |
| Revenue                                                                                   | 42,419,191                                   | 24,619,429         | 79,949,868                                 | 54,812,574         |
| Cost of sales                                                                             | (28,625,592)                                 | (21,031,440)       | (55,045,735)                               | (46,631,404)       |
| <b>Gross profit</b>                                                                       | <b>13,793,599</b>                            | <b>3,587,989</b>   | <b>24,904,133</b>                          | <b>8,181,170</b>   |
| General and administrative expenses                                                       | (2,585,852)                                  | (2,562,070)        | (5,100,662)                                | (5,068,205)        |
| Selling and distribution expenses                                                         | (2,383,761)                                  | (2,317,831)        | (4,502,896)                                | (4,672,230)        |
|                                                                                           | <b>8,823,986</b>                             | <b>(1,291,912)</b> | <b>15,300,575</b>                          | <b>(1,559,265)</b> |
| Share of results of integral joint ventures                                               | 1,236,605                                    | 31,540             | 1,681,124                                  | 239,395            |
| <b>Income (loss) from operations</b>                                                      | <b>10,060,591</b>                            | <b>(1,260,372)</b> | <b>16,981,699</b>                          | <b>(1,319,870)</b> |
| Share of results of non-integral joint ventures<br>and associates                         | 530,538                                      | (231,720)          | 696,630                                    | (670,158)          |
| Finance cost, net                                                                         | (426,336)                                    | (340,418)          | (502,773)                                  | (657,999)          |
| Other income (expenses), net                                                              | 214,625                                      | (36,056)           | 218,318                                    | 39,499             |
| <b>Income (loss) before zakat and income tax</b>                                          | <b>10,379,418</b>                            | <b>(1,868,566)</b> | <b>17,393,874</b>                          | <b>(2,608,528)</b> |
| Zakat expense                                                                             | (232,220)                                    | (505,432)          | (732,220)                                  | (997,525)          |
| Income tax (expense) benefit, net                                                         | (624,919)                                    | 163,223            | (1,024,631)                                | 422,268            |
| <b>Net income (loss) for the period</b>                                                   | <b>9,522,279</b>                             | <b>(2,210,775)</b> | <b>15,637,023</b>                          | <b>(3,183,785)</b> |
| <b>Attributable to:</b>                                                                   |                                              |                    |                                            |                    |
| Equity holders of the Parent                                                              | 7,643,174                                    | (2,223,984)        | 12,505,544                                 | (3,269,928)        |
| Non-controlling interests                                                                 | 1,879,105                                    | 13,209             | 3,131,479                                  | 86,143             |
|                                                                                           | <b>9,522,279</b>                             | <b>(2,210,775)</b> | <b>15,637,023</b>                          | <b>(3,183,785)</b> |
| <b>Basic and diluted earnings (loss) per share<br/>(Saudi Riyals):</b>                    |                                              |                    |                                            |                    |
| Earnings per share from net income (loss)<br>attributable to equity holders of the Parent | 2.55                                         | (0.74)             | 4.17                                       | (1.09)             |

  
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## Interim condensed consolidated statement of comprehensive income

(All amounts in Saudi Riyals \*000 unless otherwise stated)

|                                                                                                  | For the three months period<br>ended 30 June |                    | For the six months period<br>ended 30 June |                    |
|--------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------|--------------------------------------------|--------------------|
|                                                                                                  | 2021                                         | 2020               | 2021                                       | 2020               |
| Net income (loss) for the period                                                                 | 9,522,279                                    | (2,210,775)        | 15,637,023                                 | (3,183,785)        |
| <b>Other comprehensive income</b>                                                                |                                              |                    |                                            |                    |
| <i>Items that will not be reclassified to the consolidated statement of income (net of tax):</i> |                                              |                    |                                            |                    |
| - Re-measurement (loss) gain on defined benefit plans and others                                 | (658,148)                                    | (1,080,899)        | 1,194,667                                  | (1,323,988)        |
| - Share of other comprehensive (loss) income of associates and joint ventures                    | (8,841)                                      | (38,243)           | 121,689                                    | (71,205)           |
| <i>Items that will be reclassified to the consolidated statement of income (net of tax):</i>     |                                              |                    |                                            |                    |
| - Exchange difference on translation of foreign operations and others                            | 267,004                                      | 277,565            | (603,322)                                  | (283,930)          |
| - Share of other comprehensive income (loss) of associates and joint ventures                    | 312,130                                      | 41,452             | (665,566)                                  | (50,960)           |
| <b>Movement of other comprehensive (loss) income</b>                                             | (87,855)                                     | (800,125)          | 47,468                                     | (1,730,083)        |
| <b>Total comprehensive income (loss) for the period</b>                                          | <b>9,434,424</b>                             | <b>(3,010,900)</b> | <b>15,684,491</b>                          | <b>(4,913,868)</b> |
| <b>Attributable to:</b>                                                                          |                                              |                    |                                            |                    |
| Equity holders of the Parent                                                                     | 7,654,837                                    | (2,905,722)        | 12,426,515                                 | (4,816,731)        |
| Non-controlling interests                                                                        | 1,779,587                                    | (105,178)          | 3,257,976                                  | (97,137)           |
|                                                                                                  | <b>9,434,424</b>                             | <b>(3,010,900)</b> | <b>15,684,491</b>                          | <b>(4,913,868)</b> |

  
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Authorised Board of Directors Member

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## Interim condensed consolidated statement of changes in equity

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

|                                                     | Attributable to the equity holders of the Parent |                   |                 |                |                   | Total        | Non-controlling interests | Total equity |
|-----------------------------------------------------|--------------------------------------------------|-------------------|-----------------|----------------|-------------------|--------------|---------------------------|--------------|
|                                                     | Share capital                                    | Statutory reserve | General reserve | Other reserves | Retained earnings |              |                           |              |
| Balance as at 1 January 2020                        | 30,000,000                                       | 15,000,000        | 110,889,032     | (3,265,084)    | 26,097,576        | 178,721,524  | 28,091,139                | 206,812,663  |
| Net (loss) income                                   | -                                                | -                 | -               | -              | (3,269,928)       | (3,269,928)  | 86,143                    | (3,183,785)  |
| Other comprehensive loss                            | -                                                | -                 | -               | (1,546,803)    | -                 | (1,546,803)  | (183,280)                 | (1,730,083)  |
| Total comprehensive loss                            | -                                                | -                 | -               | (1,546,803)    | (3,269,928)       | (4,816,731)  | (97,137)                  | (4,913,868)  |
| Dividends and others                                | -                                                | -                 | -               | -              | (11,100,000)      | (11,100,000) | (1,660,107)               | (12,760,107) |
| Balance as at 30 June 2020                          | 30,000,000                                       | 15,000,000        | 110,889,032     | (4,811,887)    | 11,727,648        | 162,804,793  | 26,333,895                | 189,138,688  |
| Balance as at 1 January 2021                        | 30,000,000                                       | 15,000,000        | 110,889,032     | (3,334,019)    | 15,071,361        | 167,626,374  | 26,610,751                | 194,237,125  |
| Net income                                          | -                                                | -                 | -               | -              | 12,505,544        | 12,505,544   | 3,131,479                 | 15,637,023   |
| Other comprehensive (loss) income                   | -                                                | -                 | -               | (79,029)       | -                 | (79,029)     | 126,497                   | 47,468       |
| Total comprehensive (loss) income                   | -                                                | -                 | -               | (79,029)       | 12,505,544        | 12,426,515   | 3,257,976                 | 15,684,491   |
| Acquisition of non-controlling interests (Note 4.1) | -                                                | -                 | -               | -              | (966,805)         | (966,805)    | 966,805                   | -            |
| Dividends and others                                | -                                                | -                 | -               | -              | (9,750,000)       | (9,750,000)  | (1,949,040)               | (11,699,040) |
| Balance as at 30 June 2021                          | 30,000,000                                       | 15,000,000        | 110,889,032     | (3,413,048)    | 16,860,100        | 169,336,084  | 28,886,492                | 198,222,576  |

  
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Vice Chairman & CEO

  
Authorised Board of Directors Member

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

## Interim condensed consolidated statement of cash flows

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

|                                                                                                                         | For the<br>six months period<br>ended<br>30 June 2021 | For the<br>six months period<br>ended<br>30 June 2020 |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| <b>Operating activities:</b>                                                                                            |                                                       |                                                       |
| Income (loss) before zakat and income tax                                                                               | 17,393,874                                            | (2,608,528)                                           |
| <i>Adjustments to reconcile income (loss) before zakat and income tax to net cash inflow from operating activities:</i> |                                                       |                                                       |
| - Depreciation, amortisation and impairment                                                                             | 7,033,273                                             | 9,172,271                                             |
| - Finance costs                                                                                                         | 449,003                                               | 821,972                                               |
| - Share of results of non-integral joint ventures and associates                                                        | (696,630)                                             | 670,158                                               |
| - Provisions and other movements, net                                                                                   | (343,102)                                             | 409,724                                               |
| <i>Changes in operating assets and liabilities:</i>                                                                     |                                                       |                                                       |
| Increase in other non-current assets                                                                                    | (758,201)                                             | (1,023,084)                                           |
| Working capital changes                                                                                                 | (7,437,407)                                           | 893,406                                               |
| Increase in net employee benefits obligations                                                                           | 1,131,960                                             | 357,775                                               |
| Other assets and liabilities changes                                                                                    | 461,305                                               | 493,858                                               |
| <b>Cash from operations</b>                                                                                             | <b>17,234,075</b>                                     | <b>9,187,552</b>                                      |
| Finance cost paid                                                                                                       | (560,726)                                             | (654,154)                                             |
| Zakat and income tax paid                                                                                               | (1,824,946)                                           | (257,667)                                             |
| <b>Net cash from operating activities</b>                                                                               | <b>14,848,403</b>                                     | <b>8,275,731</b>                                      |
| <b>Investing activities:</b>                                                                                            |                                                       |                                                       |
| Purchase of tangible and intangible assets                                                                              | (4,944,319)                                           | (5,651,821)                                           |
| Short-term investments, net                                                                                             | 52,960                                                | (4,576,317)                                           |
| Investments in associates and joint ventures, net                                                                       | (16,649)                                              | (1,918,358)                                           |
| Other assets movements                                                                                                  | 286,842                                               | 549,764                                               |
| <b>Net cash used in investing activities</b>                                                                            | <b>(4,621,166)</b>                                    | <b>(11,596,732)</b>                                   |
| <b>Financing activities:</b>                                                                                            |                                                       |                                                       |
| Proceeds from debt                                                                                                      | 341,000                                               | 615,625                                               |
| Proceeds against acquisition of non-controlling interests                                                               | 1,687,500                                             | 1,687,500                                             |
| Debt and lease repayments                                                                                               | (2,204,944)                                           | (1,718,113)                                           |
| Dividends to shareholders and non-controlling interests                                                                 | (6,124,030)                                           | (7,592,848)                                           |
| <b>Net cash used in financing activities</b>                                                                            | <b>(6,300,474)</b>                                    | <b>(7,007,836)</b>                                    |
| Net increase (decrease) in cash and cash equivalents                                                                    | 3,926,763                                             | (10,328,837)                                          |
| Net foreign exchange (income) loss on cash and cash equivalents                                                         | (3,582)                                               | 24,320                                                |
| Cash and cash equivalents at the beginning of the period                                                                | 28,938,470                                            | 35,292,318                                            |
| <b>Cash and cash equivalents at the end of the period</b>                                                               | <b>32,861,651</b>                                     | <b>24,987,801</b>                                     |
| Cash and bank balances                                                                                                  | 33,489,733                                            | 26,048,921                                            |
| Less: bank overdrafts                                                                                                   | (628,082)                                             | (1,061,120)                                           |
| <b>Cash and cash equivalents</b>                                                                                        | <b>32,861,651</b>                                     | <b>24,987,801</b>                                     |

  
EVP Corporate Finance

  
Vice Chairman & CEO

  
Authorised Board of Directors Member

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

## Notes to the interim condensed consolidated financial statements

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

### 1. Corporate information

Saudi Basic Industries Corporation (“SABIC” or “the Parent”) is a Saudi Joint Stock Company established pursuant to Royal Decree Number M/66 dated 13 Ramadan 1396H (corresponding to 6 September 1976) registered in Riyadh under commercial registration No. 1010010813 dated 14 Muharram 1397H (corresponding to 4 January 1977). The registered office is located at Qurtubah district, P.O. Box 5101, Riyadh 11422, KSA.

Saudi Arabian Oil Co. (“Saudi Aramco”) owns 70% of SABIC through one of its subsidiaries, “Aramco Chemicals Company”. The other 30% ownership is held by the private sector.

SABIC and its subsidiaries (collectively the “Group”) are engaged in the manufacturing, marketing and distribution of chemicals, polymers, plastics, agri-nutrients, and metal products in global markets.

The interim condensed consolidated financial statements of the Group for the three and six months periods ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 4 August 2021.

### 2. Basis of preparation

These interim condensed consolidated financial statements for the three and six months periods ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 ‘*Interim Financial Reporting*’ (“IAS 34”) as endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

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.

## Notes to the interim condensed consolidated financial statements (continued)

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

### 3. 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 2020.

#### 3.1 Amendments to IFRS

The following amendments to IFRS have been applied by the Group since 1 January 2021:

- Early adopting the amendments to IAS 16 '*Property, Plant and Equipment: Proceeds before Intended Use*', which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The amendment is required to be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. There is no impact on the Group in the financial year 2020, as no projects were commissioned where proceeds were deducted from the cost of property, plant and equipment.
- '*Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*': The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
  - A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as *changes* to a floating interest rate, equivalent to a movement in a market rate of interest.
  - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
  - Provide temporary relief to entities from having to meet the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective, except for the amendment to IAS 16 '*Property, Plant and Equipment: Proceeds before Intended Use*' as explained above.

## Notes to the interim condensed consolidated financial statements (continued)

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

### 4. Significant matters during the period

#### 4.1. SANIC Transfer

On 4 January 2021 (corresponding to 20 Jamad'ul Awwal 1442H), SABIC Agri-Nutrients Company (formally Saudi Arabian Fertilizer Company) ("SAFCO") acquired 100% of the issued share capital of SABIC Agri-Nutrients Investment Company ("SANIC") from SABIC. The total value of shares in SANIC is set at SR 4,808,867,778, the consideration paid for which 59,368,738 ordinary shares in SAFCO were issued to SABIC valued at SR 81 per share thereby increasing the ownership by SABIC of SAFCO from 42.99% to 50.10%. Under the terms of the transaction, the final consideration will be adjusted depending upon the levels of working capital and cash at SANIC.

This transaction has been recognized as a pooling of interest transaction and impact has been recognized in the retained earnings.

The accounting impact of the transaction can be summarized as follows:

|                                                  |                    |
|--------------------------------------------------|--------------------|
| Fair value of consideration transferred to SAFCO | 4,808,868          |
| Equity movement of SANIC till date of closing    | 56,823             |
| Net consideration transferred to SAFCO           | <u>4,865,691</u>   |
| Less: increase in net assets                     | (2,133,444)        |
| Less: reversal of pooling of interest result     | <u>(1,765,442)</u> |
| Net loss to the shareholders of Parent company   | <u>966,805</u>     |

#### 4.2 COVID-19 assessment

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organization qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company to re-assess its judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020.

During the period ended 30 June 2021, management has re-assessed the overall impact on the Company's operations and business aspects, and considered factors like effects on supply chain, impact of volatility in oil prices, operating rates of its plants and production volumes, incremental costs and product demand. Majority of the planned shutdowns and turnarounds, which drive some part of the fixed costs were rescheduled. Based on this assessment, no adjustments were made in the financial statements for the period ended 30 June 2021. The situation surrounding COVID-19 and its impact on global economic conditions, may continue to impact the Group's business, results of operations and financial condition in 2021. The situation remains uncertain and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact Group's business and overall potential impact of COVID-19 on Group's business, operations and financial condition.

## Notes to the interim condensed consolidated financial statements (continued)

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

### 5. Other non-current assets

|                                             | As at<br>30 June 2021 | As at<br>31 December 2020 |
|---------------------------------------------|-----------------------|---------------------------|
| Employee advances                           | 3,931,121             | 3,326,950                 |
| Financial assets - option rights            | 2,460,375             | 1,863,375                 |
| Receivables from related parties            | 2,196,974             | 2,237,956                 |
| Investments in debt instruments             | 836,308               | 1,019,942                 |
| Investments in equity instruments and funds | 775,577               | 781,494                   |
| Deferred tax assets                         | 488,963               | 1,028,753                 |
| Others                                      | 769,600               | 772,987                   |
|                                             | <b>11,458,918</b>     | <b>11,031,457</b>         |

### 6. Other non-current liabilities

|                                                       | As at<br>30 June 2021 | As at<br>31 December 2020 |
|-------------------------------------------------------|-----------------------|---------------------------|
| Financial liabilities – options and forward contracts | 3,153,020             | 2,685,672                 |
| Payable to related parties                            | 1,497,365             | 1,581,782                 |
| Deferred tax liabilities                              | 711,284               | 650,827                   |
| Provisions                                            | 645,602               | 891,838                   |
| Others                                                | 258,585               | 275,941                   |
|                                                       | <b>6,265,856</b>      | <b>6,086,060</b>          |

### 7. Fair value measurement

Description of valuation techniques used and key inputs to valuation of investments in equity instruments, financial assets and financial liabilities is as follows:

| Valuation technique      | Significant non-observable input                                         | Range              |
|--------------------------|--------------------------------------------------------------------------|--------------------|
| Market approach          | • Equity value to EBITDA multiple                                        | 8.1 to 11          |
|                          | • Midpoint Price to Book multiple                                        | 2.9                |
|                          | • Put option and forward contract                                        | 8.2 to 9.5         |
|                          | • Call option valuation:                                                 |                    |
|                          | - Implied volatility                                                     | 25% to 35%         |
|                          | - Assumed dividend yield                                                 | 7.7% to 11.2%      |
|                          | - Discount rate                                                          | 1.3% to 2.2%       |
| Net Asset Value approach | Point estimate of distributable cash and cash equivalents and net assets | SR 150 to SR 262.5 |

The Group assessed fair value of trade receivables, short-term investments, cash and bank balances, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## Notes to the interim condensed consolidated financial statements (continued)

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

### 8. Related party transactions and balances

The significant related party transactions and balances are broken down as follows:

|                                   | Sales to related parties                     | Purchases from related parties | Amounts owed by related parties | Amounts owed to related parties | Loans to related parties | Loans from related parties |
|-----------------------------------|----------------------------------------------|--------------------------------|---------------------------------|---------------------------------|--------------------------|----------------------------|
|                                   | For the six months period ended 30 June 2021 |                                | As at 30 June 2021              |                                 | As at 30 June 2021       |                            |
| Associates                        | 99,737                                       | 2,147,506                      | 36,909                          | 374,167                         | 35,135                   | -                          |
| Joint ventures and partners*      | 6,595,408                                    | 11,545,584                     | 2,896,145                       | 5,874,428                       | 656,250                  | -                          |
| Saudi Aramco and its subsidiaries | 4,200,168                                    | 10,647,970                     | 964,357                         | 3,940,651                       | -                        | -                          |
|                                   | For the six months period ended 30 June 2020 |                                | As at 31 December 2020          |                                 | As at 31 December 2020   |                            |
| Associates                        | 65,138                                       | 1,530,739                      | 23,006                          | 286,056                         | 35,135                   | -                          |
| Joint ventures and partners*      | 5,299,268                                    | 7,268,109                      | 2,912,710                       | 5,057,505                       | 684,375                  | -                          |
| Saudi Aramco and its subsidiaries | 222,123                                      | 535,683                        | 754,666                         | 3,873,074                       | -                        | -                          |

\* Amount owed by and owed to related parties include current and non-current receivables and payables including amounts, in relation to Joint Operation and Production Agreements (JOPA) with certain joint ventures.

Transactions and balances with the entities controlled by Saudi Government can be shown as follows:

|                                                  | For the six months period ended 30 June 2021 | For the six months period ended 30 June 2020 | For the three months period ended 30 June 2021 | For the three months period ended 30 June 2020 |
|--------------------------------------------------|----------------------------------------------|----------------------------------------------|------------------------------------------------|------------------------------------------------|
| Purchases of goods and services                  | 3,256,105                                    | 1,476,820                                    | 2,284,681                                      | 554,088                                        |
| Sales of goods and services                      | 1,241,621                                    | 661,334                                      | 623,440                                        | 374,620                                        |
|                                                  |                                              |                                              | As at 30 June 2021                             | As at 31 December 2020                         |
| Due to entities controlled by Saudi Government   |                                              |                                              | 144,228                                        | 219,804                                        |
| Due from entities controlled by Saudi Government |                                              |                                              | 1,034,768                                      | 10,174                                         |

## Notes to the interim condensed consolidated financial statements (continued)

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

### 9. Segment information

For management purposes, the Group is organised into three Strategic Business Units (“SBUs”) and Hadeed, a wholly owned manufacturing business, which based on its products are grouped in three reporting segments.

Based on a management decision and in line with changes in management reporting, the income, expenses, assets and liabilities relating to 'Corporate' segment, in prior years, has been allocated over the Petrochemicals & Specialties and Agri-nutrients SBUs and Hadeed according to an internally agreed consistent basis. All intercompany transactions within the reporting segments have been appropriately eliminated.

The segments' financial details are shown below:

|                                                                | For the three months period ended 30 June 2021 |                |           |              |
|----------------------------------------------------------------|------------------------------------------------|----------------|-----------|--------------|
|                                                                | Petro-chemicals & Specialties                  | Agri-nutrients | Hadeed    | Consolidated |
| Revenue                                                        | 36,430,342                                     | 2,478,047      | 3,510,802 | 42,419,191   |
| Depreciation, amortisation and impairment                      | (3,079,404)                                    | (213,823)      | (272,857) | (3,566,084)  |
| income from operations                                         | 9,103,713                                      | 893,506        | 63,372    | 10,060,591   |
| Share of results of non-integral joint ventures and associates | 310,472                                        | 220,066        | -         | 530,538      |
| Finance cost, net                                              | -                                              | -              | -         | (426,336)    |
| Other income, net                                              | -                                              | -              | -         | 214,625      |
| Income before zakat and income tax                             |                                                |                |           | 10,379,418   |

|                                                                | For the three months period ended 30 June 2020 |                |           |              |
|----------------------------------------------------------------|------------------------------------------------|----------------|-----------|--------------|
|                                                                | Petro-chemicals & Specialties                  | Agri-nutrients | Hadeed    | Consolidated |
| Revenue                                                        | 21,096,368                                     | 1,696,429      | 1,826,632 | 24,619,429   |
| Depreciation, amortisation and impairment                      | (4,264,021)                                    | (204,801)      | (293,778) | (4,762,600)  |
| (Loss) income from operations                                  | (1,058,490)                                    | 379,833        | (581,715) | (1,260,372)  |
| Share of results of non-integral joint ventures and associates | (83,480)                                       | (148,240)      | -         | (231,720)    |
| Finance cost, net                                              | -                                              | -              | -         | (340,418)    |
| Other expense, net                                             | -                                              | -              | -         | (36,056)     |
| Loss before zakat and income tax                               |                                                |                |           | (1,868,566)  |

|                                                                | For the six months period ended 30 June 2021 |                |           |              |
|----------------------------------------------------------------|----------------------------------------------|----------------|-----------|--------------|
|                                                                | Petro-chemicals & Specialties                | Agri-nutrients | Hadeed    | Consolidated |
| Revenue                                                        | 69,140,152                                   | 4,318,049      | 6,491,667 | 79,949,868   |
| Depreciation, amortisation and impairment                      | (6,065,537)                                  | (409,781)      | (557,955) | (7,033,273)  |
| Income from operations                                         | 15,311,096                                   | 1,272,591      | 398,012   | 16,981,699   |
| Share of results of non-integral joint ventures and associates | 424,638                                      | 271,992        | -         | 696,630      |
| Finance cost, net                                              | -                                            | -              | -         | (502,773)    |
| Other income, net                                              | -                                            | -              | -         | 218,318      |
| Income before zakat and income tax                             |                                              |                |           | 17,393,874   |

## Notes to the interim condensed consolidated financial statements (continued)

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

### 9. Segment information (continued)

|                                                                | For the six months period ended 30 June 2020 |                |           |              |
|----------------------------------------------------------------|----------------------------------------------|----------------|-----------|--------------|
|                                                                | Petro-chemicals & Specialties                | Agri-nutrients | Hadeed    | Consolidated |
| Revenue                                                        | 46,875,501                                   | 3,340,708      | 4,596,365 | 54,812,574   |
| Depreciation, amortisation and impairment                      | (8,156,517)                                  | (421,710)      | (594,044) | (9,172,271)  |
| (Loss) income from operations                                  | (1,406,056)                                  | 846,891        | (760,705) | (1,319,870)  |
| Share of results of non-integral joint ventures and associates | (435,036)                                    | (235,122)      | -         | (670,158)    |
| Finance cost, net                                              | -                                            | -              | -         | (657,999)    |
| Other income, net                                              | -                                            | -              | -         | 39,499       |
| Loss before zakat and income tax                               |                                              |                |           | (2,608,528)  |

|                   | As at 30 June 2021            |                |            |              |
|-------------------|-------------------------------|----------------|------------|--------------|
|                   | Petro-chemicals & Specialties | Agri-nutrients | Hadeed     | Consolidated |
| Total assets      | 274,155,335                   | 11,228,411     | 16,941,443 | 302,325,189  |
| Total liabilities | 96,064,575                    | 2,001,932      | 6,036,106  | 104,102,613  |

|                   | As at 31 December 2020        |                |            |              |
|-------------------|-------------------------------|----------------|------------|--------------|
|                   | Petro-chemicals & Specialties | Agri-nutrients | Hadeed     | Consolidated |
| Total assets      | 266,750,886                   | 12,213,908     | 16,503,756 | 295,468,550  |
| Total liabilities | 93,463,651                    | 2,507,673      | 5,260,101  | 101,231,425  |

### Geographical distribution of revenue

|              | For the three months period ended 30 June 2021 |      | For the three months period ended 30 June 2020 |      |
|--------------|------------------------------------------------|------|------------------------------------------------|------|
|              |                                                |      |                                                |      |
| KSA          | 7,664,192                                      | 18%  | 3,843,353                                      | 16%  |
| China        | 6,211,463                                      | 15%  | 5,043,759                                      | 20%  |
| Rest of Asia | 9,602,990                                      | 23%  | 5,799,464                                      | 24%  |
| Europe       | 9,831,099                                      | 23%  | 5,695,153                                      | 23%  |
| Americas     | 3,425,939                                      | 8%   | 2,210,560                                      | 9%   |
| Others       | 5,683,508                                      | 13%  | 2,027,140                                      | 8%   |
|              | 42,419,191                                     | 100% | 24,619,429                                     | 100% |

## Notes to the interim condensed consolidated financial statements (continued)

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

### 9. Segment information (continued)

|              | For the six months period<br>ended 30 June 2021 |             | For the six months period<br>ended 30 June 2020 |             |
|--------------|-------------------------------------------------|-------------|-------------------------------------------------|-------------|
| KSA          | 14,192,375                                      | 18%         | 9,063,177                                       | 17%         |
| China        | 12,336,246                                      | 15%         | 9,912,209                                       | 18%         |
| Rest of Asia | 17,655,986                                      | 22%         | 12,821,629                                      | 23%         |
| Europe       | 18,492,088                                      | 23%         | 12,855,273                                      | 23%         |
| Americas     | 6,361,202                                       | 8%          | 5,039,481                                       | 9%          |
| Others       | 10,911,971                                      | 14%         | 5,120,805                                       | 10%         |
|              | <b>79,949,868</b>                               | <b>100%</b> | <b>54,812,574</b>                               | <b>100%</b> |

The revenue information above is based on the locations of the customers.

### Geographical distribution for non-current assets excluding financial assets and deferred tax assets

|          | As at 30 June 2021 |             | As at 31 December 2020 |             |
|----------|--------------------|-------------|------------------------|-------------|
| KSA      | 117,533,633        | 72%         | 119,736,085            | 72%         |
| Europe   | 21,444,943         | 13%         | 22,090,907             | 13%         |
| Americas | 21,999,315         | 13%         | 21,245,323             | 13%         |
| Asia     | 2,651,272          | 2%          | 2,695,053              | 2%          |
| Others   | 22,570             | -           | 25,352                 | -           |
|          | <b>163,651,733</b> | <b>100%</b> | <b>165,792,720</b>     | <b>100%</b> |

### 10. Appropriations

The Annual General Assembly (“AGA”), in its meeting held on 1 Ramadan 1442H (corresponding to 13 April 2021), approved cash dividends of SR 9 billion (SR 3 per share), which includes the interim cash dividends amounting to SR 4.5 billion (SR 1.5 per share) for the first half of 2020, which has been recognized in equity. The remaining of the dividend declared of SR 4.5 billion has been recognized in the interim condensed consolidated financial statements for the period ended 30 June 2021.

On 11 Dhul Al Qidah 1442H (corresponding to 22 June 2021), SABIC declared interim cash dividends for the first half of the year 2021 amounting to SR 5.25 billion (at SR 1.75 per share), which has been recognised in these interim condensed consolidated financial statements for the period ended 30 June 2021.

### 11. Subsequent events

On 2 July 2021, SABIC received SR 298,144,934 (corresponding to CHF 73,210,384) dividend from Clariant AG, representing dividend distribution of SR 2.85 per share (corresponding CHF 0.70 per share). The distribution was made for a share capital reduction, by way of a par value reduction in the shares of Clariant AG.

In the opinion of management, there have been no further significant subsequent events since the period ended 30 June 2021, which would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.