

SABIC AGRI-NUTRIENTS COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
AND INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report to the shareholders of SABIC Agri-Nutrients Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of SABIC Agri-Nutrients Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key audit matter • Revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.



Independent auditor’s report to the shareholders of SABIC Agri-Nutrients Company (continued)

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue recognition</i></p> <p>During the year ended 31 December 2024, the Group recognized total revenue of Saudi Riyals 11 billion (2023: Saudi Riyals 11 billion).</p> <p>The Group is the marketer of certain entities where the Group’s immediate parent company has significant influence (collectively referred to as the “Producers”). Accordingly, the Group has the rights to market and sell agri-nutrients produced by the Producers directly to local and international customers.</p> <p>Further, the Group has resale arrangements for the sale of products to cross-border related parties (“Resellers”). Certain of the Group’s sales to the Resellers are measured at a pre-approved provisional price which is mutually agreed between both parties. Subsequent to the sale of the products to the end customers, a positive or negative netback adjustment is made by the Resellers for actualising the final price and taking into account other deductibles as part of the net back adjustment.</p> <p>We considered this as a key audit matter as the Group has significant contractual arrangements that made the determination of revenue recognition under International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia (KSA) more complex, requiring management to exercise significant judgement primarily in the areas of:</p> <ul style="list-style-type: none"> (a) identifying different performance obligations; and (b) concluding whether the Group acts as an agent or as a principal in discharging these performance obligations. 	<p>Our audit procedures to address this key audit matter included:</p> <ul style="list-style-type: none"> • Understood and evaluated the revenue process for the Group’s performance obligations/revenue streams; • Tested relevant controls established by management over the revenue process; • Assessed the appropriateness of the Group’s revenue recognition accounting policy in light of the requirements of IFRS that are endorsed in KSA; • Inspected the main marketing and resale agreements entered into by the Group and assessed (a) management’s identification of performance obligations; and (b) the judgement exercised by management in determining whether the Group is acting as agent or as a principal in these arrangements in line with the requirements of IFRS 15 - Revenue from Contracts with Customers; • Obtained a direct confirmation from Resellers on the total sale transactions and total netback adjustments charged during the year ended 31 December 2024; • Inspected a sample of contracts with external customers to test that revenue recognition was in accordance with both the contractual terms and the Group’s revenue recognition policies in accordance with IFRS that are endorsed in KSA;



Independent auditor’s report to the shareholders of SABIC Agri-Nutrients Company (continued)

Key audit matter (continued)	How our audit addressed the Key audit matter (continued)
<p>Refer to Note 6.20 for the revenue recognition accounting policy; Note 3.2.4 for the disclosure of significant accounting estimates and judgements; and Note 25 for the relevant revenue disclosures.</p>	<ul style="list-style-type: none"> ● Tested a sample of transactions for different performance obligations and traced these transactions to underlying source documents; ● Tested a sample of netback adjustments primarily with respect to unsettled transactions at the end of the reporting period; and ● Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Board of Directors’ report but does not include the consolidated financial statements and our auditor’s report thereon, which is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board of Directors’ report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company’s By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group’s financial reporting process.



Independent auditor's report to the shareholders of SABIC Agri-Nutrients Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Independent auditor's report to the shareholders of SABIC Agri-Nutrients Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471



24 February 2025

Consolidated statement of financial position

All amounts in thousands of Saudi Riyals unless otherwise stated

As at 31 December	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	7	8,201,981	8,303,217
Right-of-use assets	8	174,508	210,692
Intangible assets	9	48,894	63,218
Investments in an associate and a joint venture	10	2,198,014	2,251,635
Investments in equity instruments	11	358,741	361,114
Other assets and receivables	12	393,090	410,667
Total non-current assets		11,375,228	11,600,543
Current assets			
Inventories	14	727,015	688,476
Other assets and receivables	12	274,194	344,852
Advance income tax	29	37,934	54,707
Trade receivables	15	1,587,548	1,566,606
Short-term investments	16.2	3,703,519	6,806,302
Cash and cash equivalents	16.1	7,813,129	4,242,043
Total current assets		14,143,339	13,702,986
Total assets		25,518,567	25,303,529
EQUITY AND LIABILITIES			
Equity			
Share capital	17	4,760,354	4,760,354
Share premium	18	3,998,485	3,998,485
Statutory reserve	18	-	1,428,106
Other reserves	18	339,830	424,684
Retained earnings		9,374,737	7,130,671
Equity attributable to equity holders of the Parent		18,473,406	17,742,300
Non-controlling interest	19	1,034,618	1,057,008
Total equity		19,508,024	18,799,308
Non-current liabilities			
Lease liabilities	20	175,373	197,329
Employee benefits	21	1,128,754	1,099,462
Derivative financial instruments	22	1,095,000	1,440,000
Deferred tax liabilities	29	49,251	56,256
Total non-current liabilities		2,448,378	2,793,047
Current liabilities			
Current portion of employee benefits	21	158,245	152,876
Current portion of lease liabilities	20	17,420	14,699
Trade payables	23	792,997	710,805
Other liabilities	24	637,009	766,685
Dividends payable	36	1,644,039	1,697,135
Zakat payable	29	312,455	368,974
Total current liabilities		3,562,165	3,711,174
Total liabilities		6,010,543	6,504,221
Total equity and liabilities		25,518,567	25,303,529



Chairman of the Board

Abdulrahman Bin Saleh Al-Fageeh



Chief Executive Officer

Fahad M. Al-Battar



General Manager Finance

Ayed Habib Al-Haider

The accompanying Notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of income

All amounts in thousands of Saudi Riyals unless otherwise stated

For the years ended 31 December	Note	2024	2023
Revenue	25	11,061,291	11,033,429
Cost of sales	26.1	(6,985,592)	(6,435,798)
Gross profit		4,075,699	4,597,631
Selling and distribution expense	26.2	(328,000)	(256,636)
General and administrative expense	26.3	(609,342)	(491,816)
Research and development expense	26.4	(75,009)	(64,587)
Expected credit loss allowance (ECL)	15	1,251	(1,676)
Other operating expense, net	28	(16,357)	(119,245)
Income from operations		3,048,242	3,663,671
Share of results from an associate and a joint venture	10	161,108	168,328
Finance income	27	604,283	564,622
Finance cost	27	(68,051)	(68,731)
Income before zakat and income tax		3,745,582	4,327,890
Zakat expense	29	(282,085)	(411,640)
Income tax expense	29	(28,225)	(51,016)
Deferred tax credit (expense)	29	6,961	(1,124)
Net income for the year		3,442,233	3,864,110
Attributable to:			
- Equity holders of the Parent		3,327,172	3,659,449
- Non-controlling interests		115,061	204,661
		3,442,233	3,864,110
Basic and diluted earnings per share from net income attributable to equity holders of the Parent (Saudi Riyals)	30	6.99	7.69



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Consolidated statement of comprehensive income

All amounts in thousands of Saudi Riyals unless otherwise stated

For the years ended 31 December	Note	2024	2023
Net income for the year		3,442,233	3,864,110
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to the consolidated statement of income:</i>			
- Net loss on fair value of equity instruments	11	(2,373)	(33,691)
- Re-measurement loss on defined benefit plans	21	(34,847)	(53,736)
- Deferred tax impact on other comprehensive income	29	44	263
<i>Items that will be reclassified to the consolidated statement of income in subsequent periods:</i>			
- Exchange difference on translation of foreign investment	10.1	(5,722)	5,722
- Share of other comprehensive loss of joint venture	10.2	(42,132)	-
Other comprehensive loss for the year		(85,030)	(81,442)
Total comprehensive income for the year		3,357,203	3,782,668
Attributable to:			
- Equity holders of the Parent		3,242,318	3,579,060
- Non-controlling interests		114,885	203,608
		3,357,203	3,782,668



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Chief Executive Officer
Fahad M. Al-Battar



General Manager Finance
Ayed Habib Al-Haider

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Consolidated statement of changes in equity

All amounts in thousands of Saudi Riyals unless otherwise stated

	Attributable to the equity holders of the Parent						Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
Balance as at 1 January 2023	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	-	-	-	-	3,659,449	3,659,449	204,661	3,864,110
Other comprehensive loss	-	-	-	(80,389)	-	(80,389)	(1,053)	(81,442)
Total comprehensive income	-	-	-	(80,389)	3,659,449	3,579,060	203,608	3,782,668
Change in fair value of derivative financial instruments (Note 22)	-	-	-	-	933,750	933,750	-	933,750
<i>Transactions with owners in their capacity as owners</i>								
Income tax reimbursed	-	-	-	-	-	-	104,909	104,909
Dividends (Note 36)	-	-	-	-	(6,664,496)	(6,664,496)	(327,500)	(6,991,996)
Balance as at 31 December 2023	4,760,354	3,998,485	1,428,106	424,684	7,130,671	17,742,300	1,057,008	18,799,308
Balance as at 1 January 2024	4,760,354	3,998,485	1,428,106	424,684	7,130,671	17,742,300	1,057,008	18,799,308
Net income	-	-	-	-	3,327,172	3,327,172	115,061	3,442,233
Other comprehensive loss	-	-	-	(84,854)	-	(84,854)	(176)	(85,030)
Total comprehensive income	-	-	-	(84,854)	3,327,172	3,242,318	114,885	3,357,203
Transfer from statutory reserve (Note 18)	-	-	(1,428,106)	-	1,428,106	-	-	-
Change in fair value of derivative financial instruments (Note 22)	-	-	-	-	345,000	345,000	-	345,000
<i>Transactions with owners in their capacity as owners</i>								
Income tax reimbursed	-	-	-	-	-	-	57,725	57,725
Dividends (Note 36)	-	-	-	-	(2,856,212)	(2,856,212)	(195,000)	(3,051,212)
Balance as at 31 December 2024	4,760,354	3,998,485	-	339,830	9,374,737	18,473,406	1,034,618	19,508,024



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The accompanying Notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

All amounts in thousands of Saudi Riyals unless otherwise stated

For the years ended 31 December	Note	2024	2023
Operating activities:			
Income before zakat and income tax		3,745,582	4,327,890
Adjustment to reconcile income before zakat and income tax to net cash generated from operating activities:			
- Loss on disposal of property, plant and equipment	7	1,028	6,048
- Depreciation of property, plant and equipment	7	902,051	878,164
- Depreciation of right-of-use assets	8	24,243	26,473
- Amortisation of intangible assets	9	10,179	10,771
- Share of results from an associate and a joint venture	10	(161,108)	(168,328)
- Provision for slow moving and obsolete inventories	14	(13,080)	(54,610)
- Expected credit loss	15	(1,251)	1,676
- Employee benefit charge	21	66,283	69,325
- Finance income	27	(604,283)	(564,622)
- Finance costs	27	68,051	68,731
		4,037,695	4,601,518
<i>Change in operating assets and liabilities:</i>			
Other assets and receivables		65,589	106,727
Inventories		(35,418)	100,127
Trade receivables		(19,691)	992,682
Current portion of employee benefits		5,369	1,061
Trade payables		82,192	(34,092)
Other current liabilities		(164,702)	(24,707)
		3,971,034	5,743,316
Employee benefits paid	21	(79,434)	(65,925)
Finance cost paid		(13,843)	(19,534)
Finance income received		583,093	599,253
Zakat and income tax paid	29	(350,056)	(577,120)
Net cash generated from operating activities		4,110,794	5,679,990

The accompanying Notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

For the years ended 31 December	Note	2024	2023
Investing activities:			
Purchase of property, plant and equipment	7	(773,560)	(888,661)
Purchase of intangible assets	9	(1,186)	(1,778)
Investment in a joint venture	10.2	-	(1,207,684)
Dividend received from an associate	10.1	75,000	-
Dividend received from a joint venture	10.2	91,875	-
Short-term investments – placements		(8,619,800)	(15,257,012)
Short-term investments – redemptions		11,725,138	12,827,174
Net cash generated from (used in) investing activities		2,497,467	(4,527,961)
Financing activities:			
Principal element of lease payments		(7,294)	(29,327)
Dividends paid to shareholders	16.1	(2,852,142)	(5,223,013)
Dividends paid to non-controlling interests	16.1	(177,739)	(275,773)
Net cash used in financing activities		(3,037,175)	(5,528,113)
Change in cash and cash equivalents		3,571,086	(4,376,084)
Cash and cash equivalents at the beginning of the year	16	4,242,043	8,618,127
Cash and cash equivalents at the end of the year		7,813,129	4,242,043

Significant non-cash transactions:

For the years ended 31 December	Note	2024	2023
Transfer from statutory reserve to retained earnings	18	1,428,106	-
Change in fair value of derivative financial instruments recognized against retained earnings	22	345,000	933,750
Dividends payable adjusted against non-controlling interest		57,725	104,909
Additions to property, plant and equipment adjusted against other liabilities		18,324	-
Transfers of property, plant and equipment to intangibles, other assets and receivables and inventory	7	9,959	79,647
Transfers of intangibles to other assets and receivables	9	5,331	8,279
Transfer of employee benefits to related party adjusted against other assets and receivables	21	46,612	6,995
Right of use assets reversed against corresponding lease liability	8, 20	11,941	4,405



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Chief Executive Officer
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General Manager Finance
Ayed Habib Al-Haider

The accompanying Notes from 1 to 38 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

All amounts in thousands of Saudi Riyals unless otherwise stated

1. Corporate information

SABIC Agri-Nutrients Company ("SABIC AN" or "the Company" or "the Parent Company") (formerly: Saudi Arabian Fertilizer Company (SAFCO)), 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 is registered in the city of Riyadh with Commercial Registration number 2055002359 dated 29 Shawwal 1411H (corresponding to 14 May 1991). The registered office of the Company is P.O Box 13244, Airport Branch Road, Qurtubah District, Riyadh Kingdom of Saudi Arabia ("KSA").

The Company's shares are 50.1% owned by Saudi Basic Industries Corporation ("SABIC"). Saudi Arabian Oil Company ("Saudi Aramco") owns 70% of SABIC through one of its subsidiaries, "Aramco Chemicals Company". The Saudi Arabian Government is the largest shareholder of Saudi Aramco by 81.48% direct shareholding.

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

During the year ended 31 December 2024, the General Assembly resolved to amend the Company's By-laws to exclude the requirement to maintain a statutory reserve and to transfer the existing balance to retained earnings in accordance with the newly enacted Companies law and its implementing regulations. Refer to Note 18.

The Company has the following subsidiaries, an associate and a joint venture as at 31 December:

	Relationship	Country of incorporation	Principal activities	% Shareholding (Direct and indirect)	
				2024	2023
SABIC Agri-Nutrients Investments Company ("SANIC")	Subsidiary	KSA	Agri-nutrients	100.00	100.00
National Chemical Fertiliser Company ("Ibn Al-Baytar")	Subsidiary	KSA	Agri-nutrients	100.00	100.00
Al-Jubail Fertiliser Company ("Al-Bayroni")	Subsidiary	KSA	Agri-nutrients and petrochemicals	50.00	50.00
Gulf Petrochemical Industries ("GPIC")	Associate	Bahrain	Agri-nutrients	33.33	33.33
ETG Inputs Holdco Limited and its subsidiaries ("EIHL")	Joint venture	United Arab Emirates	Agri-nutrients	49.00	49.00

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").

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 18 Sha'ban 1446H (corresponding to 17 February 2025).

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

2. Basis of preparation and consolidation

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

2.1.1 Basis of measurement

The consolidated financial statements are prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.1.2 Presentation and functional currency

The consolidated financial statements are presented in Saudi Riyal which is the presentation currency of the Group and the functional currency of the Company and its subsidiaries. All values are rounded to the nearest thousand (Saudi Riyals ‘000), except when otherwise indicated. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s subsidiaries at their respective functional currencies’ spot rates at transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of income.

Non-monetary items that are measured on historical cost in a foreign currency are recognised using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are recognised using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in the consolidated statement of comprehensive income.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of income, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The rates for Group’s major currencies are as follows:

	31 December 2024		31 December 2023	
	Closing rates	Average rates	Closing rates	Average rates
- United States Dollars (USD)	3.75	3.75	3.75	3.75
- Euro (EUR)	3.88	4.06	4.14	4.07
- Bahraini Dinar (BD)	9.95	9.95	9.95	9.95
- Pound Sterling (GBP)	4.70	4.79	4.77	4.68

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

2 Basis of preparation and consolidation (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of the subsidiaries controlled by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Refer Note 3.2.3 for judgments applied by the Group to assess control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control.

Net income or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it de-recognises the related assets (including goodwill, if applicable), liabilities, non-controlling interests and other components of equity, while any resulting gain or loss is recognised in the consolidated statement of income.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

3. Significant accounting estimates, assumptions and judgements

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions at the reporting date that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments in the future to the carrying amount of the asset or liability affected.

The estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the changed estimates affect both current and future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Financial risk management and capital management (Notes 33 and 34); and
- Sensitivity analysis disclosures (Notes 11, 13 and 21).

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material differences in the carrying amounts of assets and liabilities within the next financial period, are disclosed below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.1.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing the asset. The value in use is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget and business plan for the next five years and do not include restructuring activities or other initiatives that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

3.1.2 Incremental borrowing rate for lease agreements

The Group cannot readily determine the interest rate implicit in the lease agreement. Therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

3.1.3 Allowance for dormant and obsolete inventories

Allowances for inventory are recorded where events or changes in circumstances indicate that the carrying cost of inventories will not be fully realised. The quantification of allowance for inventories requires the use of estimates and judgements. Where the outcomes are different from the original estimates, such differences will impact the carrying value of inventories and allowance for inventory in the years in which such estimates have been changed.

3.1.4 Provisions

By their nature, the measurement of provisions depend upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. The Group's estimates related to provisions for environmental matters are based on the nature and seriousness of the contamination, as well as on the technology required for remediation. Provisions for litigation are based on an estimate of costs, taking into account legal advice and other information available.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

3. Significant accounting estimates, assumptions and judgments (continued)

3.1 Estimates and assumptions (continued)

3.1.5 Defined employee benefit plans

Post-employment defined benefits plans, end-of-service benefits plans, indemnity payments and other long-term employee related liabilities represent obligations that will be settled in the future and require actuarial valuations to determine these obligations. The Group is required to make further assumptions regarding variables such as discount rates, rate of salary increase, longevity, employee turnover and future healthcare costs, if applicable. Changes in key assumptions can have a significant impact on the projected benefit obligations and employee defined benefit costs. The assumptions are reviewed at each reporting date.

Defined benefit obligations within the Group are discounted at a rate set by reference to relevant market yields at the end of the reporting period on high quality corporate or government bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the bonds, quality of the corporate bonds and the identification of outliers which are excluded; if any.

3.1.6 Accounting for income tax

As part of the process of preparing consolidated financial statements, the Group estimates income tax in each of the jurisdictions it operates. This process involves estimating current tax expense and temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the related tax bases. Temporary differences result in deferred tax assets and liabilities, which are included in the consolidated statement of financial position. Deferred tax assets and liabilities are carried at nominal value.

The Group assesses periodically the likelihood whether deferred tax assets will be recovered from future taxable income to the extent these deferred tax assets are recorded. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that the taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3.1.7 Financial derivatives on equity instruments

The Group has financial derivatives on equity instruments that require different estimates and judgements. When there are call or put options on an entity's equity instruments, and that entity is controlled by the shareholder, a financial liability is always recorded, however, the subsequent accounting treatment depends on whether IFRS 10 or IAS 32 applies. Entities decide that either the principles in IFRS 10 or those in IAS 32 will take precedence and be applied when determining their accounting policy. The Group has assessed that IFRS 10 takes precedence in relation to these transactions.

In relation to the Al-Bayroni option, due to the nature of the terms and conditions in the option agreements, management has assessed that based on its risks and rewards assessment, the shareholder has no present ownership interest in the shares subject to these options and therefore, a non-controlling interest will continue to be recognised. The terms of the agreement are such that the option is a symmetrical put and call, and therefore a forward in nature. The financial liability was recognised at fair value on initial recognition. Due to the nature of this derivative, the fair value recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets. Therefore, the fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, volatility, dividend yield and timing of dividends. Changes in assumptions relating to these factors could affect the reported fair value of the financial instrument. (Refer to Note 13)

Management has elected to recognise the fair value movements on the re-measurement of this liability within retained earnings.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

3. Significant accounting estimates, assumptions and judgments (continued)

3.2 Critical judgments in applying accounting standards

In addition to the application of the judgment in the above-mentioned estimates and assumptions, the following critical judgments have the most significant effect on the amounts recognised in the consolidated financial statements:

3.2.1 Component parts of plant and equipment

The Group's plant and equipment are segregated into significant components and depreciated on a straight-line basis over their economic useful lives. Judgment is required in ascertaining the significant components of a larger asset. In defining the significance of a component, the Group considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset.

3.2.2 Determining the lease term of contracts with renewal and terminations options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination clauses. The Group applies judgement in evaluating if it is reasonably certain whether or not to exercise the option to renew or terminate the lease. All relevant factors that create an economic incentive for the Group and its contract partners to exercise either the renewal or termination are considered. Such facts and circumstances include a long term preferential rental rates availability, existence of significant penalty on terminations, substantial lease hold improvements etc. The Group reassesses the lease term if there is a significant event or change in the circumstances that affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

The initial assessment of land lease contracts with the Royal Commission for Jubail and Yanbu was revised in 2022. For the computation of these lease liabilities the lease terms applied had been extended to reflect the Group's reasonable expectations of the period during which the underlying asset will be used. Considering the broader economics of these contracts and recent developments, the Group is reasonably certain that contract partners will exercise extension options given in the land lease agreements. As a consequence of this change in assessment, the leasing term for certain land lease contracts had been extended to 99 years.

3.2.3 Determination of control, joint control and significant influence

Subsidiaries are all investees over which the Group has control. Management considers that it controls an investee when the Group is exposed to or has rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

The determination about whether the Group has power depends on the way decisions about the relevant activities are made and the rights the Group has, in relation to the investees.

Generally, there is a presumption that having majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

3.2.4 Principal versus agent consideration over multiple performance obligations

A certain portion of the Group's revenue is derived from marketing agreements, whereby in some cases, SABIC AN purchases products from its affiliates and sells these to end customers on a provisional pricing basis. There is significant judgment over whether the Group controls the products before they are transferred to the customer. It has been concluded that SABIC AN is principal in these arrangements due to the following factors.

- the Group is exposed to fulfilment risk and is the primary obligor for the goods;
- the Group has a direct relationship with the customer and controls the underlying products before they are transferred to the end customers;
- the Group remains solely responsible for the quality of the goods and customers hold a substantive right of return which results in the Group being exposed to inventory risk.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

3. Significant accounting estimates, assumptions and judgments (continued)

3.2 Critical judgments in applying accounting standards (continued)

3.2.4 Principal versus agent consideration over multiple performance obligations (continued)

Further, for contracts where revenue from logistics and freight services is recognised as a separate performance obligation, the Group considers itself to be principal. There is significant judgment over whether the group controls the freight and logistics services prior to transferring this to the customer. It has been concluded that SABIC AN is principal in these arrangements due to the following factors:

- the Group is exposed to fulfilment risk and is the primary obligor for the freight and logistic service provided;
- the Group is exposed the risk of losses in relation to the service not being fulfilled;
- the Group has a direct relationship with the customer and controls the underlying service before it is transferred to the end customers.

4. Changes in accounting policies

The amendments to IFRS, which are relevant to the Group and that have been applied on 1 January 2024 by the Group are described below:

4.1 Amendments to IAS 1: Classification of liabilities as current or non-current

Amendment to IAS 1: 'Classification of Liabilities as Current or Non-current' elaborates the requirements of 'right to defer settlement' by clarifying the meaning of right to defer and how the classification is unaffected by the likelihood that an entity will exercise such deferral right. The amendments published in 2020 and 2022, respectively, clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. Only covenants with which a company must comply on or before the reporting date may affect this right.

Covenants to be complied with after the reporting date do not affect the classification of a liability as current or non-current at the reporting date.

This amendment does not have any significant impact on the Group's consolidated financial statements.

5. IFRS issued but not yet effective

The IFRS that are issued and relevant for the Group, but not yet effective, are elaborated below. These standards will be adopted by the Group when they become effective.

5.1 Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9: 'Financial instruments' and IFRS 7: 'Financial instruments: Disclosures')

The amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

Additionally, the amendments clarify with further guidance for assessing whether a financial asset meets the sole payments of principal and interest (SPPi) test which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. These amendments also introduce new disclosure requirements and update others.

The amendment is effective for annual reporting periods beginning on or after 1 January 2026 and will be adopted by the Group when applicable.

5.2 IFRS 18: 'Presentation and disclosure in financial statements'

IFRS 18 is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of income. IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes. The new standard also requires disclosures in the financial statements for certain management-defined performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The new standard is effective for annual reporting periods beginning on or after 1 January 2027 and will modify the Group's income statement presentation, specifically the presentation of share of results of integral and non-integral JVs.

Management is in the process of assessing the impact of such new standards and interpretations on its consolidated financial statements.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6. Material accounting policies

The material accounting policies adopted by the Group in preparing these consolidated financial statements are applied consistently and are described below. Certain amendments to IFRS as endorsed in KSA as elaborated in Note 4 have been applied from 1 January 2024.

6.1 Investment in associate and joint arrangements

Investment in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Interest in an associate is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

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 consolidated statement of financial position.

Equity method of accounting

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

On acquisition of the investment in an associate or joint venture, any excess of cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of income in the period in which the investment is acquired.

The aggregate of the Group's share in net results of associates and joint ventures is presented the consolidated statement of income and consolidated statement of comprehensive income.

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 investee.

Unrealised gains on transactions between the Group and its associates and 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.

The financial statements of the associate or joint venture should be for the same reporting period as the Group. If not, then adjustments are made to bring the balances and transactions to be at / for the reporting period similar to the Group. Adjustments shall also be made to bring the balances and transactions in line with the accounting policies of the Group, in case the accounting policies of such associate or joint venture differ from those of the Group.

Upon loss of significant influence over the associate or 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 consolidated statement of income.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.1 Investment in associate and 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 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, joint venture 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 consolidated statement of income.

If the ownership interest in an associate or 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 consolidated statement of comprehensive income, are reclassified to the consolidated statement of income, where appropriate.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value in the books of the Group, then recognizes the loss as 'Share in net result from an associate or joint venture' in the consolidated statement of income and in the consolidated statement of comprehensive income.

6.2 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current and non-current classification. An asset is current when:

- it is expected to be realised or intended to be sold or consumed in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within twelve months after the reporting period; or
- it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it will be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

6.3 Joint ownership, production arrangements and shared service agreements

The Group has agreements for shared assets such as Joint ownership and production arrangements (JOPA) or other shared services agreements wherein the companies contribute to the production and operation of a particular asset or a plant in a specific proportion. The entity which controls and manages the majority of the relevant activities related to the plant (referred to as "the operator") recognises the full amount of the asset at cost in its accounting records and depreciates it over the useful life of the asset. The entity, which contributes funds for the construction of the plant (referred to as "the non-operator", recognises the contribution as a production advance and amortises it in line with the useful life of the asset. Normal operational and production costs and sales of the related products from such plants are treated in line with various such agreements.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.4 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects (qualifying assets), if the recognition criteria are met. Where such assets are constructed in-house, their cost includes all amounts necessary to bring the asset to the present condition and location to be ready for intended use by management and excludes all costs such as general and administrative expenses and training costs. Any feasibility study costs are expensed as incurred unless they relate to specifically identifiable asset being constructed in-house and are directly attributable to it.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Group shall recognize such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection (turnaround/shutdown, planned) is performed, its directly attributable cost is recognized in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major inspection (turnaround).

If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is expensed immediately. All other repair and maintenance costs are recognized in the consolidated statement of income and consolidated statement of comprehensive income as incurred.

The present value of the expected cost for the assets demolishing and site restoration costs of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The Group will periodically assess the expectation and estimation for the assets demolishing and site restoration costs liability.

Depreciation is calculated from the date the item of property, plant and equipment are available for its intended use or in respect of self-constructed assets, and from the date such assets are ready for the intended use.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings and leasehold improvements	13 to 40 years
Plant and equipment	4 to 50 years
Furniture and fixtures	3 to 10 years
Vehicles	5 years

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year-end.

Assets under construction, which are not ready for their intended use, and land are not depreciated.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising on de-recognising the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of income when the asset is de-recognised.

The assets' residual values, useful lives and methods of depreciation are periodically reviewed, and adjusted prospectively in case of a significant change in the assets technological capabilities or estimated planned use.

6.5 Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	4-99 years
Housing	2-10 years
Equipment	2 years
Vehicles	2 to 5 years
Gas pipelines	15 years

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the consolidated statement of income over the lease term. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs; if applicable.

Lease liabilities include, if applicable, the net present value of fixed payments including in-substance fixed payments, less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Short-term and low value assets' leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the consolidated statement of income.

Variable lease payments

Some leases contain variable payments that are linked to the usage or performance of the leased asset. Such payments are recognised in the consolidated statement of income.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

6.7 Intangible assets

Intangible assets are measured at cost upon initial recognition. Intangible assets acquired in a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indicator that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible asset.

The amortisation period for intangible assets with a finite useful life is as follows:

Software and licenses	5 to 20 years
Patents and trademarks	5 to 12 years

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.7 Intangible assets (continued)

- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in the consolidated statement of income. During the period of development, the asset is tested for impairment annually.

Technology and innovation expense related to product development is recorded in the consolidated statement of income in other operating expense and expense related to process improvement is recorded in cost of sales.

6.8 Impairment of non-current assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing is required, the Group estimates the assets' recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally covering a five-year period. A long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, The Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount does not exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

6.9 Financial assets

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- financial assets measured at amortised cost; or
- financial assets measured at fair value.

Gains or losses of financial assets measured at fair value will be recognised either through the consolidated statement of income or through the consolidated statement of OCI.

Certain sales contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest. Other trade receivables which are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortised cost.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through the consolidated statement of income, irrespective of the business model.

Initial measurement

Financial assets are initially measured at their fair value plus transaction costs. Transaction costs of financial assets carried at fair value through income statement are recognised in the consolidated statement of income.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.9 Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortised cost (Debt Instruments)*

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gains and losses are recognised in the consolidated statement of income when the asset is derecognised, modified or impaired.

- *Financial assets at 'Fair Value through Other Comprehensive Income' ("FVOCI") with recycling of cumulative gains and losses (Debt Instruments)*

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to the consolidated statements of income.

- *Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon de-recognition (Equity Instruments)*

The Group measures all equity investments at fair value and presents changes in fair value of equity investments in OCI. Dividends from such investments continue to be recognised in the consolidated statement of income as other income when the Group's right to receive payments is established. Gains and losses on these financial assets are never recycled to the consolidated statement of income. These investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

- *Financial assets at Fair Value Through Income Statements (FVIS)*

Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI are measured at FVIS. A gain or loss on a debt investment that is subsequently measured at fair value through the income statement and which is not part of a hedging relationship is recognised and presented net in the consolidated statement of income in the period in which it arises.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
 - a) The Group has transferred substantially all the risks and rewards of the asset; or
 - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses on a forward-looking basis the ECL associated with its debt instruments as part of its financial assets, which are carried at amortised cost and FVOCI.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. ECL against financial assets with related parties and commercial banks is negligible as these parties enjoy an excellent credit ratings and have no history of credit default.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.10 Financial liabilities

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at fair value; and
- Other financial liabilities measured at amortised cost using the EIR method.

The category of financial liability at fair value has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FV upon initial recognition;
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognised initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVIS continue to be recorded at fair value with changes being recorded in the consolidated statement of income.

Financial liabilities arising out of options over non-controlling interests are recorded at fair value with the subsequent measurement being recorded in retained earnings.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of income when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortisation is included as finance costs in the consolidated statement of income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

De-recognition

A financial liability (except for options over non-controlling interests) is de-recognised when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.11 Options and forward contracts on (own) equity instruments

Call and put options on equity instruments are derivative financial instruments to be recognised at fair value. When there are call or put options on an entity's equity instruments and that entity is controlled by the Group a financial liability is always recorded, however, the subsequent accounting treatment depends on whether IFRS 10 or IAS 32 applies.

If IFRS 10 takes precedence, then the terms of the forward and option contracts should be analysed to assess whether they provide the parent or the non-controlling interest with access to the risks and rewards associated with the actual ownership of the shares. The non-controlling interest should be recognised if risks and rewards associated with ownership have been retained by the non-controlling interest. The non-controlling interest should not be recognised if the risks and rewards associated with ownership have transferred to the parent.

If IAS 32 takes precedence, a risks and rewards analysis is not performed, and the non-controlling interest is derecognised when the forward or put option liability is recognised. The financial liability is recognised at the present value of the redemption amount. If the forward or put option was entered into at the business combination date there would not be a non-controlling interest recognised.

Put and call options over non-controlling interests

Put options are recognised at the present value of the best estimated amount to be paid at the end of the agreement. Call options are recognised at their fair value. Subsequent re-measurement of put and call options will be recognised in retained earnings. Put and call options offer contract parties the right to exercise them or to refrain from exercising the option rights.

If put options are being exercised, the financial liability, is re-measured immediately before the transaction, is extinguished by payment of the exercise price and the non-controlling interest purchased is derecognised against equity attributable to the owners of the parent. If the put option expires unexercised, the financial liability is reclassified to retained earnings.

If call options are being exercised, the fair value of the call option will be recognised as part of the consideration paid for the acquisition of the non-controlling interest. If call option expires unexercised, it is derecognised through the consolidated statement of income as a finance cost.

Forward share purchase contracts arising from options over non-controlling interests

Forward share purchase contracts are commitments to purchase the shares subject to the contract stipulations in due time. Therefore, the present value of the best estimated amount to be paid at the end of the agreement is recognised as a liability. The subsequent movement in the liability is recognised in retained earnings.

6.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is disclosed in the consolidated statement of financial position if there is a currently enforceable legal right to offset recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

6.13 Inventories

Inventories including raw materials, finished goods and consumable (spares) are valued at the lower of cost i.e., historical purchase prices based on the weighted average principle plus directly attributable costs (primarily duty and transportation) or estimated net realisable value.

Inventories of work in progress and finished goods include cost of materials, labour and an appropriate proportion of direct overheads.

Inventories of finished goods include cost of materials, labour and an appropriate proportion of variable and fixed direct overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Abnormal inventory losses due to quality or other issues and overheads incurred during unplanned maintenance / shut down period are excluded from inventory cost. The allocation of overheads at period end for the purpose of inventory valuation are based on the higher of normal capacity or actual production for the period. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.13 Inventories (continued)

Scrap inventory, co-product and by product

Production process in the Group sometimes results in the production of co-product simultaneously, or may result in some by-products or scraps (either non-usable or recyclable). When the costs of conversion of such co/by-product and/or scrap are not separately identifiable from the main product cost, they are allocated on a rationale and consistent basis to such products and co/by-product and scrap. The allocation is based on the relative sales value of each product either at the stage in the production process when the products become separately identifiable, or at the completion of production.

Where by-products and scrap are immaterial and where costs cannot be allocated to them or it is inefficient to do so, these items are measured under inventory at net realisable value and this value is deducted from the cost of the main product. As a result, the carrying amount of the main product inventory is not materially different from its cost.

In the consolidated statement of income, the net realisable value for the by-products and scrap reduces the cost of sales for the period. Upon subsequent sale of such by-product, the proceeds are recorded as revenue with a corresponding cost of sale being recorded based on the earlier recorded net realisable value. For scrap, the proceeds, net of cost, is recorded as other income.

Consumable spare parts

Consumables are ancillary materials which are consumed in the production of semi-finished and finished products. Consumables may include engineering materials, one-time packaging materials and certain catalysts.

Capital spare parts

Capital spare parts are the interchangeable parts of plant and equipment which are considered to be essential to support routine maintenance, repair and overhaul of plant and equipment or to be used in emergency situations for repairs. The Group maintains the following different types of spare parts:

- Stand-by equipment items acquired together with the plant production line or purchased subsequently but related to a particular plant or production line and will rarely be required are critical to plant operation and must be available at stand-by at all times. These are capitalized as part of property, plant and equipment and depreciated from purchase date over a period which is shorter of the component's useful life or the remaining useful life of the plant in which it is to be utilized. These do not form part of inventory provided capitalization criteria under property, plant and equipment is met.
- Repairable items that are plant/production line specific with long lead times and will be replaced and refurbished frequently (mostly during turnarounds). These are capitalized as part of property, plant and equipment where the capitalization criteria are met. Depreciation is started from day of installation of these items in the plant, and the depreciation period is the shorter of the useful life of the component and the remaining useful life of the plant and equipment in which it is installed. These do not form part of inventory.
- General capital spares and other consumables items which are not of a critical nature and are of a general nature, i.e., not plant specific and can be used in multiple plants or production lines and any other items which may be required at any time for facilitating plant operations. They are generally classified as 'consumables and spare parts under inventory, unless they exceed the threshold and have a useful life of more than one year, under which case they are recorded under property, plant and equipment. Items recorded under inventory are subject to assessment for obsolescence provision and are charged to the consolidated statement of income upon their installation or use.

6.14 Short term investments

Short term investments represent Murabaha commodity deposits with maturity over three months and less than a year upon acquisition are presented under current assets. These deposits are maintained with local and foreign commercial banks in Saudi Riyals and US dollars and carry profit at commercial rates.

6.15 Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise bank balances, short-term deposits, demand deposits and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above held with banks all of which are available for use by the Group unless otherwise stated.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.16 Dividends

The Group recognises a liability to make cash distribution to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. In accordance with the Companies Law in KSA a distribution is authorized when approved by the Board of Directors. Interim dividends, if any, are recognised when approved by the Board of Directors, a corresponding amount is recognised directly in these consolidated statement of changes in equity.

6.17 Employee benefits

Long-term employee benefit obligations

Long-term employee benefit obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method and recorded as non-current liabilities. Consideration is given to expected future salary increase and historic attrition rates. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate or government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of changes in actuarial assumptions are recognised in the consolidated statement of comprehensive income.

Post-employment obligation

The Group offers various post-employment schemes, including both defined contribution and defined benefit plans, and post-employment medical and life insurance plans for eligible employees and their dependents.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no other legal or constructive obligation. The contributions are recognised as employee benefit expense in the consolidated statement of income when they are due.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group primarily has end of service benefits, defined benefit pension plans and post-retirement medical and life insurance plans, which qualify as defined benefit plans.

a) End of service benefits and pension award

For the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Group's policy.

The net pension asset or liability recognised in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected Defined Benefits Obligation ("DBO") less the fair value of plan assets, if any, at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost are calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets, if any.

Service costs are calculated, using the actuarially determined pension cost rate at the end of the prior year, adjusted for significant market fluctuations and for any significant one-off events, such as plan amendments, curtailments and settlements. In the absence of such significant market fluctuations and one-off events, the actuarial liabilities are rolled forward based on the assumptions as at the beginning of the year. If there are significant changes to the assumptions or arrangements during the year, consideration is given to re-measure such liabilities and the related costs.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of income as past service costs.

When the benefit plans are amended, the portion of the change in benefit relating to the past service by employees is recognised as an expense or income; if applicable, on a straight-line basis over the average period until the benefits become vested in the consolidated statement of income. To the extent that benefits vest immediately, the expense or income, if applicable is recognised immediately in the consolidated statement of income.

Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of income while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.17 Employee benefits (continued)

b) Post-retirement medical care

The Group provides post-retirement healthcare and life insurance benefits to its eligible retirees and their dependents for 5 years. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited as other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

The accounting for these plans requires that the Group makes certain assumptions relating to discount rates used to measure future obligations and expenses, salary scale inflation rates, health care cost trend rates, mortality and other assumptions. These estimates are highly susceptible to change from period to period based on the performance of plan assets (if any), actuarial valuations, market conditions and contracted benefit changes. The selection of assumptions is based on historical trends, future estimates based on economic and market conditions at the time of valuation. However, actual results may differ substantially from the estimates that were based on the critical assumptions used.

Termination benefits (early retirement program)

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

Employee saving plan

The Group operates a saving plan to encourage its Saudi employees to make savings. The saving contributions from the participants are deposited in a separate bank account other than the Group's normal operating bank accounts. Employee saving plan represents the contribution made by the employee and the Group in accordance with the SABIC Human Resource policy and is presented as current liabilities.

Employee Home Ownership Program ("HOP")

Certain companies within the Group have established employee's HOP that offer eligible employees the opportunity to buy residential units constructed by these subsidiaries through a series of payments over a particular number of years. Ownership of the houses is transferred upon completion of full payment.

Under the HOP, the amounts paid by the employee towards the house are repayable back to the employee in case the employee discontinues employment and the house is returned back to the Group. HOP is recognised as a non-current prepayment asset at time the residential units are allocated to the employees and are amortised over the repayment period of the facility due from employees.

Employee Home Loan Program ("HLP")

The Group provides interest free home loan to its eligible employees for purposes related to purchase or building of a house or apartment. The loan is repaid in monthly instalment by deduction of employee's pay.

HLP is recognised as a non-current financial asset at fair value and measured at amortised cost using the EIR method. The difference between the fair value and the actual amount of cash given to the employee is recognised as a "non-current prepaid employee benefit" and is amortised as an expense equally over the period of service. The same amount is also amortised as finance income against the receivable from employees.

Executive vehicles

The Group grants eligible employees a Group owned vehicle up to a specific value. The benefit is provided to employees against their services for a fixed period of years. The employee also has an option to opt for a higher value vehicle and the difference in value is contributed by the employee. The vehicle shall remain the property of the Group. SABIC Human Resource policy governs the arrangement with the employee and may define conditions under which such vehicle can be transferred to the employee.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.18 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Assets demolishing and site restoration costs

The Group records a provision for demolishing costs of manufacturing facilities when an obligation exists. Demolition costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax risk free rate that reflects the risks specific to this liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of income as a finance cost. The estimates for this provision are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

6.19 Zakat and tax

Zakat

Zakat is levied based on adjusted income subject to zakat and the zakat base in accordance with the Regulations of the zakat, Tax and Customs Authority ("ZATCA") in KSA. The zakat provision is charged to the consolidated statement of income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalisation.

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant tax authorities.

Uncertain zakat and tax positions

Uncertain positions relate to risk or uncertainty over complex zakat and tax treatments. Such uncertain zakat and tax positions are measured using the single most likely amount or the expected value method, depending on which method is expected to better predict the resolution of the uncertainty.

Deferred tax

Deferred tax is provided for using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax law enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

6.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue arrangements are assessed against specific criteria to determine whether the Group is acting as a principal or agent.

For certain revenue contracts, an intermediary is used to provide the goods and services. The Group assesses whether it is an agent or principal in these arrangements. The Group acts as a principal when it controls the specified good or service prior to transfer. When the Group acts as a principal the revenue recorded is the gross amount billed.

Sales of goods revenue

The Group recognises revenue when control of the products sold, transfers to the customer, which shall be considered in the context of a five-step approach and applying the applicable shipping terms.

Rights of return

When a contract with a customer provides a right of return of the good within a specified period, the Group accounts for the right of return when requested by the customer and contractual conditions are met.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.20 Revenue recognition (continued)

Identification of performance obligations

In certain instances, the Group determines delivery services for goods sold based on the C-class incoterms as separately identifiable and distinct from the sale of goods. This is because the Group transfers control of goods at the Group's loading site and provides delivery services to the buyer's site. The Group allocates a portion of the total transaction price to delivery services based on a best estimate of a similar stand-alone service.

Transportation services

Transportation services are satisfied over the period of delivery and recognised as revenue accordingly. The separate transaction price is not explicitly available in the contract and the Group uses estimation method to allocate the transaction price to such performance obligation. The estimation is based on standalone selling price.

Provisional pricing

Certain revenue contracts with customers include provisional pricing at the time of shipment. Initially, revenue on these contracts is recognized based on the estimate of the final price at the time control is transferred to the customer. The final pricing is based on the actual average market indexed price. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in the consolidated statement of income. The associated trade receivables related to contracts with provisional pricing arrangements are subsequently measured at FVIS.

6.21 Expenses

All expenses are recognized on an accrual basis.

Cost of sales

Operating costs are recognized on a historical cost basis. Production costs, direct manufacturing and transportation expenses are classified as cost of sales. This includes raw material, direct labour and other attributable overhead costs as well as transportation costs associated with fulfilment of certain sales. Other costs such as selling costs are recorded as selling and distribution expenses while all remaining other costs are presented as general and administrative expenses.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate all selling activities at the Group. These costs typically include distribution and logistics expenses as well as allocations of certain general overheads.

General and administration expenses

These pertain to operation expenses which are not directly related to the production or selling of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of sales or selling and distribution expenses.

Allocation of overheads between cost of sales, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis based on predetermined rates as appropriate by the Group.

Research and development expense

Research and development expense pertains to activities related to:

- develop and improve our existing materials, products, solutions and processes,
- improve ecological footprint

These activities focus on delivering differentiated and sustainable product and application solutions and sustainable cost-advantaged process innovation to meet the needs of our customers and the value chain over the near, mid-, and long-term horizon.

6.22 Finance income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as investments in equity instruments at FVOCI, finance income is recorded using the EIR. EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

6 Material accounting policies (continued)

6.23 Finance cost

Finance cost is recognized for the interest due to the lender of all financial liabilities measured at amortised cost, using the EIR. EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability. These include bonds, conventional notes, Murabaha, bank charges etc. Additionally, the finance cost also includes time value of money for all the lease liabilities recognized. Finance cost is also recognized due to passage of time whenever a provision or liability has been discounted to its present value.

6.24 Earnings per share

The Group presents basic, and diluted, if any, earning per share (EPS) data for the Company's ordinary shares its shareholders. Basic EPS is calculated by dividing net income for the year of the Group by the weighted average number of ordinary shares of the Company outstanding during the year, adjusted for own shares held, if any. Diluted EPS, if any is determined by adjusting the net income for the year of the Group by the weighted average number of ordinary shares of the Company outstanding during the year, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

6.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless whether that price is directly observable or estimated using another technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within scope of IAS 17 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 'Inventories' or value in use in IAS 36 'Impairment of Assets'.

The Group has categorized its financial assets and liabilities into a three-level fair value hierarchy, based on the degree to which the inputs to fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is not directly or indirectly observable.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

7. Property, plant and equipment

	For the year ended 31 December 2024					
	Buildings and leasehold improvements	Plant and equipment	Furniture and fixtures	Vehicles	Assets under construction (i)	Total
Cost:						
At the beginning of the year	948,588	18,082,163	13,595	28,625	881,050	19,954,021
Additions	-	-	-	-	791,884	791,884
Transfers within property, plant and equipment	11,279	821,120	1,495	-	(833,894)	-
Transfers from inventories	-	9,959	-	-	-	9,959
Disposals	(117)	(188,547)	(105)	(220)	-	(188,989)
At the end of the year	959,750	18,724,695	14,985	28,405	839,040	20,566,875
Accumulated depreciation and impairment:						
At the beginning of the year	555,452	11,056,654	11,543	27,155	-	11,650,804
Charge for the year	26,614	874,357	756	324	-	902,051
Disposals	(117)	(187,527)	(105)	(212)	-	(187,961)
At the end of the year	581,949	11,743,484	12,194	27,267	-	12,364,894
Net book value:						
At 31 December 2024	377,801	6,981,211	2,791	1,138	839,040	8,201,981
At 1 January 2024	393,136	7,025,509	2,052	1,470	881,050	8,303,217

(i) The ongoing projects for assets under construction mainly represent plant turnaround activities, reliability overhauling, and other capital expenditures.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

7 Property, plant and equipment (continued)

	For the year ended 31 December 2023					
	Buildings and leasehold improvements	Plant and equipment	Furniture and fixtures	Vehicles	Assets under construction (i)	Total
Cost:						
At the beginning of the year	1,148,247	17,402,957	44,498	34,375	1,066,220	19,696,297
Additions	-	70,597	-	24	818,040	888,661
Transfers within property, plant and equipment	4,530	918,285	-	748	(923,563)	-
Transfers of property, plant and equipment (ii)	-	-	-	-	(79,647)	(79,647)
Disposals	(204,189)	(309,676)	(30,903)	(6,522)	-	(551,290)
At the end of the year	948,588	18,082,163	13,595	28,625	881,050	19,954,021
Accumulated depreciation and impairment:						
At the beginning of the year	729,788	10,513,783	41,735	32,576	-	11,317,882
Charge for the year	29,853	846,499	711	1,101	-	878,164
Disposals	(204,189)	(303,628)	(30,903)	(6,522)	-	(545,242)
At the end of the year	555,452	11,056,654	11,543	27,155	-	11,650,804
Net book value:						
At 31 December 2023	393,136	7,025,509	2,052	1,470	881,050	8,303,217
At 1 January 2023	418,459	6,889,174	2,763	1,799	1,066,220	8,378,415

(i) The ongoing projects for assets under construction mainly represent plant turnaround activities, reliability overhauling, and other capital expenditures.

(ii) Includes transfers of housing units constructed for employees to other non-current assets and receivables amounting to Saudi Riyals 79.6 million (2022: Saudi Riyals 71.9 million).

Allocation of depreciation charge for the year:

For the years ended 31 December	Note	2024	2023
Cost of sales	26.1	875,657	850,101
Selling and distribution expenses	26.2	5,646	5,627
General and administrative expenses	26.3	20,748	22,436
		902,051	878,164

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

8 Right-of-use assets

	For the year ended 31 December 2024				
	Land	Housing	Vehicles	Gas pipelines	Total
Cost:					
At the beginning of the year	173,007	120,239	3,745	14,720	311,711
Re-measurement	(11,941)	-	-	-	(11,941)
Retirements	-	(622)	-	-	(622)
At the end of the year	161,066	119,617	3,745	14,720	299,148
Accumulated depreciation and impairment:					
At the beginning of the year	15,450	74,220	3,745	7,604	101,019
Charge for the year	6,338	17,537	-	368	24,243
Re-measurement	-	-	-	-	-
Retirements	-	(622)	-	-	(622)
At the end of the year	21,788	91,135	3,745	7,972	124,640
Net book value:					
At 31 December 2024	139,278	28,482	-	6,748	174,508
At 1 January 2024	157,557	46,019	-	7,116	210,692

- (i) The Group leases various housing units, equipment, vehicles, land and other assets. Rental contracts are typically made for fixed periods from 1 to 10 years except for the land lease. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenant, but lease assets may not be used as security for borrowing purposes.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

8 Right-of-use assets (continued)

	For the year ended 31 December 2023				
	Land	Housing	Vehicles	Gas pipelines	Total
Cost:					
At the beginning of the year	194,345	124,361	4,111	22,116	344,933
Re-measurement	(19,241)	324	-	-	(18,917)
Retirements	(2,097)	(4,446)	(366)	(7,396)	(14,305)
At the end of the year	173,007	120,239	3,745	14,720	311,711
Accumulated depreciation and impairment:					
At the beginning of the year	26,867	58,647	3,361	14,488	103,363
Charge for the year	5,297	19,914	750	512	26,473
Re-measurement	(16,714)	-	-	-	(16,714)
Retirements	-	(4,341)	(366)	(7,396)	(12,103)
At the end of the year	15,450	74,220	3,745	7,604	101,019
Net book value:					
At 31 December 2023	157,557	46,019	-	7,116	210,692
At 1 January 2023	167,478	65,714	750	7,628	241,570

Allocation of depreciation charge for the year:

	Note	2024	2023
For the years ended 31 December			
Cost of sales	26.1	2,084	2,855
Selling and distribution expenses	26.2	2,932	2,293
General and administrative expenses	26.3	16,113	18,112
Research and technology expenses	26.4	3,114	3,213
		24,243	26,473

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

9 Intangible assets

	For the year ended 31 December 2024			Total
	Software and licenses	Patents and trademarks	Intangibles under development	
Cost:				
At the beginning of the year	215,854	25,478	12,317	253,649
Additions	1,186	-	-	1,186
Transfer to other assets and receivables	-	-	(5,331)	(5,331)
At the end of the year	217,040	25,478	6,986	249,504
Accumulated amortisation and impairment:				
At the beginning of the year	188,004	2,427	-	190,431
Charge for the year	7,752	2,427	-	10,179
At the end of the year	195,756	4,854	-	200,610
Net book value:				
At 31 December 2024	21,284	20,624	6,986	48,894
At 1 January 2024	27,850	23,051	12,317	63,218

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

9 Intangible assets (continued)

	For the year ended 31 December 2023			Total
	Software and licenses	Patents and trademarks	Intangibles under development	
Cost:				
At the beginning of the year	215,854	25,478	18,818	260,150
Additions	-	-	1,778	1,778
Transfer to other assets and receivables	-	-	(8,279)	(8,279)
At the end of the year	215,854	25,478	12,317	253,649
Accumulated amortisation and impairment:				
At the beginning of the year	179,660	-	-	179,660
Charge for the year	8,344	2,427	-	10,771
At the end of the year	188,004	2,427	-	190,431
Net book value:				
At 31 December 2023	27,850	23,051	12,317	63,218
At 1 January 2023	36,194	25,478	18,818	80,490

Allocation of amortisation charge for the year:

For the years ended 31 December	Note	2024	2023
Cost of sales	26.1	1,723	1,811
General and administrative expenses	26.3	6,029	6,534
Research and technology expenses	26.4	2,427	2,426
		10,179	10,771

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

10 Investments in an associate and a joint venture

The table below outlines the Group's investments in an associate and a joint venture:

Name of investee As at 31 December	Note	Relationship	Ownership	2024	2023
GPIC	10.1	Associate	33.33%	997,157	985,413
EIHL	10.2	Joint venture	49.00%	1,200,857	1,266,222
Balance at the end of the year				2,198,014	2,251,635

The table below outlines the Group's share of results from an associate and a joint venture:

	Note	2024	2023
GPIC	10.1	92,466	109,790
EIHL	10.2	68,642	58,538
Total share of results from an associate and a joint venture:		161,108	168,328

10.1 Investment in an associate

GPIC is incorporated in the Kingdom of Bahrain and is engaged in manufacturing and exporting of ammonia, urea and methanol products. Investment in an associate is accounted for using the equity method. The Parent Company does not exercise control over the associate.

The movement of investment in an associate is as follows:

For the year ended 31 December	2024	2023
Balance at the beginning of the year	985,413	869,901
Share of results	92,466	109,790
Exchange difference on translation of foreign investment	(5,722)	5,722
Dividends received	(75,000)	-
Balance at the end of the year	997,157	985,413

The tables below provide summarised financial information of GPIC. The information disclosed reflects the amounts presented in the available financial statements of the relevant associate and not the Group's share of those amounts.

As at 31 December	2024	2023
Current assets	1,600,603	1,449,635
Non-current assets	1,535,412	1,612,000
Current liabilities	(144,225)	(105,099)
Non-current liabilities	(20)	-
Net assets	2,991,770	2,956,536
Reconciliation:		
Group's share	33.33%	33.33%
Carrying amount	997,157	985,413

For the years ended 31 December	2024	2023
Revenue	1,360,832	1,466,909
Net income for the year	277,426	329,404
Reconciliation:		
Group's share	33.33%	33.33%
Group's share in results	92,466	109,790

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

10 Investments in an associate and a joint venture (continued)

10.2 Investment in a joint venture

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. During the year ended 31 December 2024, the Group concluded the provisional price exercise to determine the fair values of the net identifiable assets attributable to the acquisition of 49% shareholding in ETG Inputs Holdco Limited and its subsidiaries. The Group's share of residual goodwill was determined to be Saudi Riyals 417.8 million.

The movement of investment in a joint venture is as follows:

For the year ended 31 December	2024	2023
Balance at the beginning of the year	1,266,222	-
Acquired on 10 April 2023	-	1,207,684
Share of results *	68,642	58,538
Share of other comprehensive Loss	(42,132)	-
Dividends received	(91,875)	-
Balance at the end of the year	1,200,857	1,266,222

* The share of results for the year ended 31 December 2023 only included the post-acquisition period from 10 April 2023 to 31 December 2023.

The tables below provide summarised financial information of EIHL. The information disclosed reflects the amounts presented in the available financial statements of the relevant joint venture and not the Group's share of those amounts.

As at 31 December	2024	2023
Current assets		
Cash and cash equivalents	497,934	309,862
Others	2,711,465	2,749,113
Total current assets	3,209,399	3,058,975
Non-current assets	451,526	317,227
Current liabilities		
Financial liabilities (excluding trade and other payables)	(1,332,034)	(989,365)
Others	(732,450)	(823,851)
Total current liabilities	(2,064,484)	(1,813,216)
Non-current liabilities	(89,452)	(80,454)
Net assets	1,506,989	1,482,532

Reconciliation:

Group's share	49%	49%
Group's share	738,425	726,441
Carrying amount of intangible assets and other fair value adjustments identified through the purchase price allocation exercise and other adjustments	66,192	-
Notional goodwill	417,848	-
Consideration paid in addition to the share in book value of net assets acquired (i)	-	518,173
Unrealized (loss) gain on downstream transactions (ii)	(21,608)	21,608
Carrying amount	1,200,857	1,266,222

- i) The excess consideration pertains to the difference between the book values of the share of net assets and the consideration paid by the Group to acquire the investment.
- ii) Unrealised gains on downstream transactions between the Group and EIHL are eliminated to the extent of the Group's interest in the investment. An unrealised loss of Saudi Riyals 21.6 million (2023: unrealised gain Saudi Riyals 21.6 million) has been eliminated from the consolidated statement of financial position.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

10 Investments in an associate and a joint venture (continued)

10.2 Investment in a joint venture (continued)

For the year ended 31 December	2024	2023
Revenue	5,218,700	3,628,072
Depreciation and amortization	(23,128)	(32,990)
Finance cost	(137,473)	(115,026)
Profit before Tax	248,731	175,654
Income tax expenses	(7,618)	(45,643)
Profit for the year	241,113	130,011
Other comprehensive loss	(28,184)	-
Total comprehensive income for the year	212,929	130,011
Reconciliation:		
Group's share	49%	49%
Group's share	104,335	63,705
Unrealized loss (gain) on downstream transactions (i)	21,608	(21,608)
Amortization of identified intangible assets	(15,682)	-
Share of total comprehensive income to be recorded by the Group	110,261	42,097
Share of total comprehensive income recorded by the Group (ii)	26,510	58,538

- i) Unrealised gains on downstream transactions between the Group and EIHIL are eliminated to the extent of the Group's interest in the investment. An unrealised loss of Saudi Riyals 21.6 million (2023: unrealised gain of Saudi Riyals 21.6 million) has been eliminated from the consolidated statement of income.
- ii) The difference between the share in total comprehensive income to be recorded by the Group for the year ended 31 December 2024 and the Group's actual share in total comprehensive income of EIHIL amounted to Saudi Riyals 83.8 million (2023: Saudi Riyals 16.4 million). This was mainly due to differences between provisional and final results reported by EIHIL which is considered to be insignificant by the Group.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

11 Investments in equity instruments

Carrying value of the investments in equity instruments are as follows:

As at 31 December	2024	2023
Listed securities		
Equity securities measured at FVOCI (i)	358,741	361,114
Un-listed securities		
Equity securities measured at FVOCI (ii)	-	-
Total investments in equity instruments	358,741	361,114

- i) Quoted investments represent 1.69% (2023: 1.69%) shares held in Yansab, a listed entity on Tadawul.
 ii) Unquoted investments represent 3.87% (2023: 3.87%) shares held in Ibn Rushd, a subsidiary of SABIC.

Movement in the securities measured at FVOCI for the years ended 31 December 2024 and 2023 is as follows:

As at 31 December	2024		2023	
	Quoted	Unquoted	Quoted	Unquoted
Cost:				
At the beginning and end of the year	94,905	77,363	94,905	77,363
Fair value reserve of financial assets at FVOCI:				
At the beginning of the year	266,209	(77,363)	299,900	(77,363)
Change in fair value during the year	(2,373)	-	(33,691)	-
At the end of the year	263,836	(77,363)	266,209	(77,363)
Carrying value at the end of the year	358,741	-	361,114	-

The effect on investments in equity instruments due to change in price by 10%, with all other variables held consistent, is Saudi Riyals 35.9 million (2023: Saudi Riyals 36.1 million). Other components of equity would increase/decrease because of these fluctuation. Both the investments are carried at fair value. Please refer Note 13.1 for further details.

12 Other assets and receivables

As at 31 December	2024	2023
Non-current:		
House ownership and home loan program (i)	288,887	305,866
HOP site development costs	58,138	77,502
JOPA advances	16,050	8,263
Advances to related parties (ii)	30,015	19,036
	393,090	410,667
Current:		
Employee advances and receivables (i)	19,532	29,845
Advances to related parties (ii)	134,572	138,331
Employee benefits - receivable from a related party (iii)	1,492	67,380
Prepaid expenses	90,735	81,620
Miscellaneous items (iv)	27,863	27,676
	274,194	344,852

- (i) Employee advances represent receivables from employees related to Housing Ownership Program ("HOP") and other benefits.
 (ii) Advances to related parties represent advance against operations, support services and other projects.
 (iii) Employee benefits receivable pertains to the employee benefit obligation transferred to the Group from SABIC because of transfer of employees from SABIC to the Group.
 (iv) Miscellaneous items include dividends receivable and VAT refundable.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

13 Financial assets and financial liabilities

	Notes	31 December 2024							
		Total	Financial assets / liabilities at amortised cost	Financial assets / liabilities at FVIS	Financial assets at FVOCI	Fair value (13.1)	Level I	Level II	Level III
Financial assets									
Investments in quoted equity instruments	11	358,741	-	-	358,741	358,741	358,741	-	-
Unquoted equity instruments (i)	11	-	-	-	-	-	-	-	-
Trade receivables (ii)	15	1,587,548	1,087,849	499,699	-	499,699	-	-	499,699
<i>Short-term investments (iii)</i>									
- Murabaha deposits	16.2	3,703,519	3,703,519	-	-	-	-	-	-
<i>Cash and cash equivalents (iii)</i>									
- Cash and bank balances	16.1	380,319	380,319	-	-	-	-	-	-
- Murabaha deposits	16.1	7,432,810	7,432,810	-	-	-	-	-	-
Other financial assets (iii) (iv)		56,459	56,459	-	-	-	-	-	-
		13,519,396	12,660,956	499,699	358,741	858,440	358,741	-	499,699
Financial liabilities									
Lease liabilities	20	192,793	192,793	-	-	-	-	-	-
Trade payables (iii)	23	792,997	792,997	-	-	-	-	-	-
Derivative financial instruments (v)	22	1,095,000	-	-	-	1,095,000	-	-	1,095,000
Dividends payable (iii)	36	1,644,039	1,644,039	-	-	-	-	-	-
Other financial liabilities (iii) (iv)		238,652	238,652	-	-	-	-	-	-
		3,963,481	2,868,481	-	-	1,095,000	-	-	1,095,000

- (i) The Group's unquoted investments are valued under level 3 where inputs are not based on observable market data (unobservable inputs).
- (ii) Trade receivables relating to contracts with provisional pricing arrangements are measured at fair value. These trade receivables are classified as level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including specific terms of the contract. For trade receivables carried at amortised cost, the carrying amount as at 31 December 2024 approximates their fair value due to their short-term nature.
- (iii) The Group assessed fair value of short-term investments, cash and cash equivalents, trade payables, dividends payable and other financial assets and liabilities to approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (iv) Other financial assets include loans to employees and other receivables, net of expected credit losses, where applicable. Other financial liabilities include payables to related parties and employee related payables.
- (v) Amount recorded as fair value of option to acquire non-controlling interest of Al-Bayroni. Refer to Note 22.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

13 Financial assets and financial liabilities (continued)

	Notes	31 December 2023							
		Total	Financial assets / liabilities at amortised cost	Financial assets / liabilities at FVIS	Financial assets at FVOCI	Fair value (13.1)	Level I	Level II	Level III
Financial assets									
Investments in quoted equity instruments	11	361,114	-	-	361,114	361,114	361,114	-	-
Unquoted equity instruments (i)	11	-	-	-	-	-	-	-	-
Trade receivables (ii)	15	1,566,606	1,038,761	527,845	-	527,845	-	-	527,845
<i>Short-term investments (iii)</i>									
- Murabaha deposits	16.2	6,806,302	6,806,302	-	-	-	-	-	-
<i>Cash and cash equivalents (iii)</i>									
- Cash and bank balances	16.1	342,595	342,595	-	-	-	-	-	-
- Murabaha deposits	16.1	3,899,448	3,899,448	-	-	-	-	-	-
Other financial assets (iii) (iv)		78,106	78,106	-	-	-	-	-	-
		13,054,171	12,165,212	527,845	361,114	888,959	361,114	-	527,845
Financial liabilities									
Lease liabilities	20	212,028	212,028	-	-	-	-	-	-
Trade payables (iii)	23	710,805	710,805	-	-	-	-	-	-
Derivative financial instruments (v)	22	1,440,000	-	-	-	1,440,000	-	-	1,440,000
Dividends payable (iii)	36	1,697,135	1,697,135	-	-	-	-	-	-
Other financial liabilities (iii) (iv)		344,934	344,934	-	-	-	-	-	-
		4,404,902	2,964,902	-	-	1,440,000	-	-	1,440,000

(i) The Group's unquoted investments are valued under level 3 where inputs are not based on observable market data (unobservable inputs).

(ii) Trade receivables relating to contracts with provisional pricing arrangements are measured at fair value. These trade receivables are classified as level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including specific terms of the contract. For trade receivables carried at amortised cost, the carrying amount as at 31 December 2023 approximates their fair value due to their short-term nature.

(iii) The Group assessed fair value of short-term investments, cash and cash equivalents, trade payables, dividends payable and other financial assets and liabilities to approximate their carrying amounts largely due to the short-term maturities of these instruments.

(iv) Other financial assets include loans to employees and other receivables, net of expected credit losses, where applicable. Other financial liabilities include payables to related parties and employee related payables.

(v) Amount recorded as fair value of option to acquire non-controlling interest of Al-Bayroni. Refer to Note 22.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

13 Financial assets and financial liabilities (continued)

The Group's exposure to various risks associated with the financial instruments is discussed in Note 33. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of financial assets mentioned above.

13.1 Fair value measurement

Set out in the table above is a comparison, by class, of the carrying amounts and fair value of the Group's financial assets for which fair valuation had been performed, for other financial assets the carrying amounts are reasonable approximations of fair values. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial assets at fair value through other comprehensive income at each statement of consolidated financial position date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

There were no transfers between the levels of the fair value hierarchy in the twelve months to 31 December 2024. There were no changes made to any of the valuation techniques applied as of December 2024.

The following methods and assumptions were used to estimate the fair values:

- Fair values of quoted investments in equity instruments are derived from quoted prices in active markets. For the fair value of un-quoted equity instruments, the Group makes certain assumptions in valuation about the model inputs, including fair value derived based on comparable transactions. The probabilities of the various estimates within a range can be reasonably used in the Group's estimate of fair value for these unquoted investments in equity instruments.
- For the fair value of the Derivative financial instruments, the Group used the market approach to measure the fair value of the derivative instruments using certain non-observable inputs (equity value to EBITDA multiple).
- The fair value of trade receivables carried at FVIS are valued using valuation techniques, which employ the use of market observable inputs. The valuation techniques is based on marked-to-market observable inputs of the underlying commodities.

The following table summarises the information about the significant non-observable inputs used in level 3 fair value measurements:

Description	Valuation technique	Significant non-observable input	2024	2023
Derivative financial instruments	Market approach	Put options and forward contracts		
		- Equity value to, EBITDA multiple	5.9	5.4
		- Dividend to EBITDA %	52.0%	38.6%
		- Discount rate	10.7%	10.5%

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

13 Financial assets and financial liabilities (continued)

13.1 Fair value measurement (continued)

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

As at 31 December 2024	Change in the significant non-observable inputs		Derivative financial instruments value	
	From	To	From	To
Increase equity value to EBITDA multiple by 10%	5.9	6.5	1,095,000	1,275,000
Decrease equity value to EBITDA multiple by 10%	5.9	5.3	1,095,000	916,875
High range of Dividend to EBITDA %	52.0%	57.2%	1,095,000	1,023,750
Low range of Dividend to EBITDA %	52.0%	46.8%	1,095,000	1,168,125
Increase discount rate by 1%	10.7%	11.7%	1,095,000	1,117,500
Decrease discount rate by 1%	10.7%	9.7%	1,095,000	1,072,500

As at 31 December 2023	Change in the significant non-observable inputs		Derivative financial instruments value	
	From	To	From	To
Increase equity value to EBITDA multiple by 10%	5.4	5.9	1,440,000	1,645,000
Decrease equity value to EBITDA multiple by 10%	5.4	4.9	1,440,000	1,234,000
High range of Dividend to EBITDA %	38.6%	40.0%	1,440,000	1,418,000
Low range of Dividend to EBITDA %	38.6%	23.6%	1,440,000	1,688,000
Increase discount rate by 1%	10.5%	11.5%	1,440,000	1,464,000
Decrease discount rate by 1%	10.5%	9.5%	1,440,000	1,414,000

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

14 Inventories

Inventories are detailed as follows:

As at 31 December	2024	2023
Finished goods	253,936	244,667
Spare parts	611,459	608,182
Raw materials	40,848	31,511
Goods in transit	28,662	25,086
	934,905	909,446
Less: Provision for slow moving and obsolete items	(207,890)	(220,970)
	727,015	688,476

Movements in the provision for slow moving and obsolete inventories were as follows:

For the year ended 31 December	2024	2023
At the beginning of the year	220,970	275,580
Reversal for the year	(13,080)	(54,610)
At the end of the year	207,890	220,970

The movement was recognised in cost of sales and it is essentially due to consumption or utilisation of certain inventory items.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

15 Trade receivables

Trade receivables can be detailed as follows:

As at 31 December	2024	2023
Trade receivables	522,901	381,196
Due from other related parties	1,065,494	1,187,508
	1,588,395	1,568,704
Less: allowance for expected credit losses	(847)	(2,098)
	1,587,548	1,566,606

Accounts receivable are non-interest bearing and are generally due between 30 – 120 days.

As of 31 December, the ageing analysis of trade receivable along with related expected credit loss is as follows:

31 December 2024	Total	Current	Less than 60 days	60-90 days	91-180 Days	181-365 days	More than one year
Expected credit loss rate	0.12%	0.12%	0%	0%	0%	0%	0%
Gross carrying amount (i)	1,088,696	1,063,826	16,342	-	10	8,518	-
Expected credit loss	(847)	(829)	(18)	-	-	-	-
Total	1,087,849	1,062,997	16,324	-	10	8,518	-

31 December 2023	Total	Current	Less than 60 days	60-90 days	91-180 Days	181-365 days	More than one year
Expected credit loss rate	0.55%	0.37%	0.66%	0%	0%	0%	0%
Gross carrying amount (i)	1,040,859	949,487	77,349	2,179	4,713	7,098	33
Expected credit loss	(2,098)	(1,958)	(140)	-	-	-	-
Total	1,038,761	947,529	77,209	2,179	4,713	7,098	33

i) The amount excludes trade receivable carried at FVIS amounting to Saudi Riyals 499.7 million as at 31 December 2024 (2023: Saudi Riyals 527.8 million).

The movements in the allowance for expected credit losses were as follows:

	2024	2023
At the beginning of the year	2,098	422
(Reversal) charge for the year	(1,251)	1,676
At the end of the year	847	2,098

16 Cash and cash equivalents and short-term investments

16.1 Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

As at 31 December	2024	2023
Call account	37,919	45,251
Current accounts	342,400	297,344
	380,319	342,595
Murabaha deposits	7,432,810	3,899,448
Total	7,813,129	4,242,043
Conventional cash and cash equivalents	380,319	342,595
Non-conventional cash and cash equivalents	7,432,810	3,899,448
	7,813,129	4,242,043

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

16 Cash and cash equivalents and short-term investments (continued)

16.1 Cash and cash equivalents (continued)

The table below provides details of amounts placed in various currencies:

As at 31 December	2024	2023
Saudi Riyals	5,392,790	3,001,819
USD	2,420,339	1,240,224
	7,813,129	4,242,043

Included in above are Islamic murabaha deposits with banks of original maturities of less than three months. These deposits are maintained with local commercial banks in Saudi Riyal carrying interest ranging from 3.9% to 6.4% (2023: 4.6% to 6.3%) per annum and USD carrying interest ranging from 3.6% to 6.2% (2023: 4.2% to 5.8%) per annum.

16.1.1 Cash flows related disclosures

Change in liabilities arising from financing activities is detailed as follows:

	As at 1 January 2024	Movement during the year	Cash outflows	Other non-cash	As at 31 December 2024
Lease	212,028	-	(7,294)	(11,941)	192,793
Dividends to shareholders	1,573,394	2,856,212	(2,852,142)	-	1,577,464
Dividends to non-controlling interest	123,741	195,000	(177,739)	(74,427)	66,575
	1,909,163	3,051,212	(3,037,175)	(86,368)	1,836,832

	As at 1 January 2023	Movement during the year	Cash outflows	Other non-cash	As at 31 December 2023
Lease	245,760	-	(29,327)	(4,405)	212,028
Dividends to shareholders	131,911	6,664,496	(5,223,013)	-	1,573,394
Dividends to non-controlling interest	191,438	327,500	(275,773)	(119,424)	123,741
	569,109	6,991,996	(5,528,113)	(123,829)	1,909,163

Cash held in separate bank accounts is as below:

As at 31 December	2024	2023
Dividends to shareholders of the Company	149,358	145,288
Cash held for non-controlling interest for paying donations	37,919	45,251
Employee savings plan bank balance	81,679	76,695
	268,956	267,234

At 31 December 2024, the Group has funds amounting to Saudi Riyals 268.9 million (31 December 2023: Saudi Riyals 267.2 million) which are held in separate bank accounts and are not used as part of normal business operations. The cash held in these bank accounts is available for access by the Group at any point in time.

16.2 Short-term investments

Short term investments are detailed as follows:

As at 31 December	2024	2023
Saudi Riyals	3,515,840	6,806,302
USD	187,679	-
	3,703,519	6,806,302

Short term investments represent Murabaha commodity deposits with original maturity of more than three months and less than a year upon acquisition and are presented under current assets. These deposits are maintained with local commercial banks in Saudi Riyal carrying interest ranging from 5.4% to 6.5% (2023: 6% to 6.4%) per annum and USD carrying interest of 5.7% (2023: Nil) per annum.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

17 Share capital

As at 31 December	2024	2023
Authorised shares:		
Ordinary shares of Saudi Riyals 10 each ('000)	476,035	476,035
Ordinary shares issued and fully paid of Saudi Riyals 10 each ('000)	476,035	476,035
Issued and paid up capital (Saudi Riyals '000)	4,760,354	4,760,354

18 Reserves

Share premium

Share premium was recorded due to the excess of issue price over par value for the issuance of 59,368,738 additional shares to SABIC as a consideration for the Company's acquisition of 100% of the share capital of SANIC from SABIC in 2021. The issuance of additional shares resulted in share premium as follows:

The total value of shares at Saudi Riyals 77.35 per share which had been valued as the weighted average price per share over the 3 month period ended 19 December 2019	4,592,172
Total par value of the additional shares issued at Saudi Riyals 10 each	(593,687)
Share premium as a result of additional shares issued	3,998,485

Statutory reserve

According to the newly enacted Companies law and its implementing regulations effective in KSA starting 26 Jumada' II 1444H (corresponding to 19 January 2023), the mandatory statutory reserve requirement was abolished. In pursuant to this change, the General Assembly in its extraordinary meeting held on 19 Shawwal 1445H (corresponding to 28 April 2024) resolved to amend the Company's By-laws to exclude the requirement to maintain a statutory reserve and to transfer the existing balance to retained earnings. Accordingly, the statutory reserve balance amounting to Saudi Riyals 1.4 billion was transferred to retained earnings.

Other reserves

The following table shows a breakdown of other reserves and the movements during the year:

	For the year ended 31 December 2024				Total
	Equity instruments	Actuarial gain (loss)	Foreign currency translation	Share of other comprehensive loss of joint venture - Foreign currency translation	
At the beginning of the year	188,846	230,116	5,722	-	424,684
Re-measurement loss on defined benefit plans, net of tax	-	(34,627)	-	-	(34,627)
Exchange difference on translation of foreign investment	-	-	(5,722)	-	(5,722)
Share of other comprehensive loss of joint venture	-	-	-	(42,132)	(42,132)
Net change on revaluation of investments in equity instruments classified as fair value through other comprehensive income	(2,373)	-	-	-	(2,373)
At the end of the year	186,473	195,489	-	(42,132)	339,830

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

18 Reserves (continued)*Other reserves (continued)*

	For the year ended 31 December 2023				Total
	Equity instruments	Actuarial gain (loss)	Foreign currency translation	Share of other comprehensive loss of joint venture - Foreign currency translation	
For the year ended 31 December					
At the beginning of the year	222,537	282,536	-	-	505,073
Re-measurement loss on defined benefit plans, net of tax	-	(52,420)	-	-	(52,420)
Exchange difference on translation of foreign investment	-	-	5,722	-	5,722
Net change on revaluation of investments in equity instruments classified as fair value through other comprehensive income	(33,691)	-	-	-	(33,691)
At the end of the year	188,846	230,116	5,722	-	424,684

19 Non-controlling interest

Al Jubail Fertilizer Company (Al-Bayroni) is a Saudi Limited Liability Company registered in Al- Jubail Industrial City in the Kingdom of Saudi Arabia under Commercial Registration number 2055000435 dated 21 Rabi Al-Awwal, 1400 H (corresponding to 08 February 1980). From 04 January 2021, it is equally owned by SANIC and TFC, a company incorporated in Taiwan, but controlled by the Parent Company. The registered office is located in Jubail Industrial City, P. O. Box 10046, Al-Jubail Kingdom of Saudi Arabia.

Al-Bayroni is engaged in using methane as a raw material to produce ammonia and urea used as fertilizer and for industrial purposes and producing 2EH (2-ethylhexanol) and DOP (di-Octyl Phthalate) under the SAGIA's License No. 121030125558 dated 22 Rabi Al-Awwal 1400 H (corresponding to 09 February 1980) and under industrial license No. 1368 dated 2 Jumada I 1437 H (corresponding to 11 February 2018).

Summarised statement of financial position

Set out below is summarised financial information for Al-Bayroni which has a non-controlling interest, TFC, which is material to the Group. The amounts disclosed are before inter-company eliminations:

As at 31 December	2024	2023
Current assets	712,653	875,253
Current liabilities	(308,295)	(450,200)
Current net assets	404,358	425,053
Non-current assets	1,814,830	1,866,820
Non-current liabilities	(98,906)	(103,912)
Non-current net assets	1,715,924	1,762,908
Net assets	2,120,282	2,187,961
Accumulated non-controlling interests (i)	1,034,618	1,057,008

(i) Accumulated non-controlling interests includes adjustments such as inter-group profit elimination, absorption of income tax in non-controlling interests and others.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

19 Non-controlling interest (continued)

Summarised statement of comprehensive income

For the year ended 31 December	2024	2023
Revenue	1,477,750	1,630,647
Net income for the year	251,535	450,110
Other comprehensive loss	(396)	(2,369)
Total comprehensive income	251,139	447,741
Net income attributable to non-controlling interests (i)	115,061	204,661
Other comprehensive loss attributable to non-controlling interests (ii)	(176)	(1,053)
Dividends paid to non-controlling interests	(177,739)	(275,773)

- (i) Net income attributable to non-controlling interests includes adjustments such as inter-group profit elimination, absorption of income tax in non-controlling interests and others.
- (ii) Other comprehensive loss attributable to non-controlling interests includes actuarial gain/ loss on defined benefit obligation and deferred tax impact on OCI.

Summarised statement of cash flows

For the year ended 31 December	2024	2023
Cash flow from operating activities	429,471	647,561
Cash flow used in investing activities	(142,031)	(89,490)
Cash flow used in financing activities	(360,969)	(683,501)
Decrease in cash and cash equivalents	(73,529)	(125,430)

20 Lease liabilities

Lease liabilities are detailed as follows:

As at 31 December	2024	2023
Non-current		
Lease liabilities	175,373	197,329
Current		
Lease liabilities	17,420	14,699
	192,793	212,028

All addition to leases are recorded as right-of-use assets which are disclosed in Note 8.

There are no residual value guarantees and no leases yet commenced, to which SABIC AN is committed.

Movement in lease liability is as follows:

As at 31 December	2024	2023
At the beginning of the year	212,028	245,760
Accretion of interest (Note 27)	11,777	16,605
Retirements	-	(2,202)
Re-measurement	(11,941)	(2,203)
Payment	(19,071)	(45,932)
At the end of the year	192,793	212,028

The following amounts related to short term and low value leases that are recognised in consolidated statement of income:

For the year ended	2024	2023
Expense related to short-term leases	10,462	15,622
Expense related to leases of low-value assets	2,644	2,017

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

20 Lease liabilities (continued)

The aggregate repayment schedule of leases is as follows:

As at 31 December	2024	2023
Within one year	29,156	32,677
1-5 years	64,669	79,108
More than 5 years	720,149	734,867
Total	813,974	846,652

The maturity of the lease obligation and debt are further elaborated in liquidity risk (Note 33).

21 Employee benefits

The provision for employee benefits is detailed as follows:

As at 31 December	2024	2023
Defined benefit obligations		
End of service benefits	1,011,174	1,003,988
Post-retirement medical benefits	111,290	89,551
Continuous service award	6,290	5,923
Total defined benefit obligation presented under non-current liabilities	1,128,754	1,099,462
Defined contribution plan		
Employee savings plan	158,245	152,876
Total defined contribution plan presented under current liabilities	158,245	152,876

Defined benefits obligation

The Group provides end of service and pension benefits to its employees taking into consideration the local labour laws, employment market and tax laws of the countries where the companies are located.

End of service benefits are mandatory for all KSA based employees under the Saudi Arabian labour law and the Group's employment policies. End of service benefit is based on employees' compensation and accumulated period of service and is payable upon termination, resignation or retirement. The Defined Benefit Obligation ("DBO") in respect of employees' end of service benefits is calculated by estimating the future benefit payment that employees have earned in return for their service. An appropriate discount rate is then applied to determine the present value of the Group's obligation. This is an unfunded plan.

Re-measurements are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to other reserves through OCI in the period in which they occur. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

Other long-term employee benefits

Long-term service awards

The Group offers a long-term service award to its employees in KSA, depending on years of service. This is measured similarly to a DBO.

Early retirement plans

Employee early retirement plan costs are provided for in accordance with the Group's employee benefit policies. If an instalment-based compensation is agreed on, the obligation is initially discounted to its present value and then unwound through the period of compensation, which can be up to the regular retirement age of the employee.

Saving plans

Saving plans are related to KSA based employees.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

21 Employee benefits (continued)

The following table represents the movement of the defined benefit obligation position:

	For the year ended 31 December 2024			
	End of service	Post-retirement medical	Continuous service awards	Total
At the beginning of the year	1,003,988	89,551	5,923	1,099,462
Current service cost	70,570	(4,974)	687	66,283
Finance cost	49,676	4,238	294	54,208
<i>Actuarial changes arising due to:</i>				
- financial assumptions	(57,743)	22,793	(211)	(35,161)
- demographic changes	-	498	-	498
- experience adjustments	65,997	3,570	(57)	69,510
Benefits paid during the year	(73,776)	(5,195)	(463)	(79,434)
Transfer to related party	(47,538)	809	117	(46,612)
At the end of the year	1,011,174	111,290	6,290	1,128,754

	For the year ended 31 December 2023			
	End of service	Post-retirement medical	Continuous service awards	Total
At the beginning of the year	901,733	73,321	11,080	986,134
Current service cost	63,010	5,781	534	69,325
Finance cost	44,935	3,985	277	49,197
<i>Actuarial changes arising due to:</i>				
- financial assumptions	19,127	5,507	71	24,705
- demographic changes	-	(60)	-	(60)
- experience adjustments	19,910	9,024	157	29,091
Adjustment	-	5,317	(5,317)	-
Benefits paid during the year	(51,182)	(13,842)	(901)	(65,925)
Transfer from a related party	6,455	518	22	6,995
At the end of the year	1,003,988	89,551	5,923	1,099,462

For the year ended 31 December	2024	2023
<i>Net benefit expense</i>		
Current service cost and past service cost	66,283	69,325
Finance cost on benefit obligation (Note 27)	54,208	49,197
Net benefit expense	120,491	118,522

The major economic and actuarial assumptions used in benefits liabilities computation can be shown as follows:

For the year ended 31 December	2024	2023
Discount rate	5.6%	5.0%
Average salary increases	5.3%	5.2%
Inflation rate (health care cost)	9.0%	9.0%

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

21 Employee benefits (continued)

Sensitivity analysis

The table below illustrates the approximate impact on the DBO if the Group were to change one key assumption, while the other actuarial assumptions remain unchanged. The sensitivity analysis is intended to illustrate the inherent uncertainty in the valuation of the DBO under market conditions at the measurement date. These results cannot be extrapolated due to non-linear effects that changes in key actuarial assumptions may have on the total DBO. The sensitivities only apply to the DBO and not to the net amounts recognised in the consolidated statement of financial position. Movements in the fair value of plan assets would, to a certain extent, be expected to offset movements in the DBO resulting from changes in the given assumptions.

As at 31 December	2024	2023
Increase		
Discount rate (+25 bps)	(28,584)	(26,927)
Salary (+25 bps)	25,348	24,508
Health care costs (+25 bps)	4,491	3,609
Decrease		
Discount rate (-25 bps)	29,895	28,059
Salary (-25 bps)	(24,400)	(23,669)
Health care costs (-25 bps)	(4,263)	(3,005)

Expected total benefit payments is detailed as follows:

As at 31 December	2024	2023
Within one year	82,836	61,369
1 – 2 years	76,097	74,026
2 – 3 years	68,104	85,158
3 – 4 years	87,026	69,087
4 – 5 years	83,368	88,011
Next 10 years	1,137,892	1,077,462
Total	1,535,323	1,455,113

The weighted average duration of the defined benefit obligation is 10 years, (31 December 2023: 9 years).

22 Derivative financial instruments

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, SANIC was also obliged to buy the remaining shares of Al-Bayroni upon termination of the JV agreement. The amount of liability in the form of forward contract transferred by SABIC amounting to Saudi Riyals 2.4 billion which was recorded in the 2022 as a non-current liability with adjustment in retained earnings. Subsequent changes in the fair value of the liability shall be recorded against the retained earnings. Refer Note 13.1 for the sensitivity analysis.

As at 31 December	2024	2023
At the beginning of the year	1,440,000	2,373,750
Change in fair value of derivative financial instruments	(345,000)	(933,750)
At the end of the year	1,095,000	1,440,000

23 Trade payables

Trade payables are detailed as follows:

As at 31 December	2024	2023
Trade accounts payable	41,620	39,317
Amounts due to related parties	751,377	671,488
	792,997	710,805

Trade payables are non-interest bearing and are settled within normal commercial terms.

The Group's exposure to currency and liquidity risk related to accounts payables is disclosed in Note 33.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

24 Other liabilities

Other liabilities are detailed as follows:

As at 31 December	2024	2023
Accrued liabilities	266,745	271,560
Accrued liabilities due to related parties	231,398	262,343
Employees related liabilities	127,618	99,280
Miscellaneous items (i)	11,248	133,502
	637,009	766,685

i) Miscellaneous items include various risks and commitments including constructive obligations arising from a construction project using the best estimate of the expenditure required to settle the present obligation, which is expected to be settled in the next twelve months.

25 Revenue

Revenue is detailed as follows:

For the year ended 31 December	2024	2023
Sales of goods revenue*	10,663,567	10,650,790
Transportation services	397,724	382,639
	11,061,291	11,033,429

* Sale of goods revenue includes movement between provisional and final price amounting to Saudi Riyals 46.2 million (2023: Saudi Riyals 139.7 million).

There is no revenue that has been recognised in 2024 from performance obligations satisfied in previous years. All unfulfilled remaining performance obligations as at 31 December 2024 are expected to be satisfied in the following year.

Refer to Note 32 for the segment and geographical distribution of revenue.

26 Expenses

Based on the nature of expense, cost of sales, selling and distribution expenses and general and administrative expenses are elaborated as follows:

26.1 Cost of sales

Cost of sales is detailed as follows:

For the year ended 31 December	2024	2023
Changes in inventories of finished products, raw materials and consumables used	4,692,828	4,223,949
Depreciation and amortisation	879,464	854,767
Employee related costs	625,747	574,825
Logistic service-related costs	397,724	382,639
Electricity	146,310	144,862
Repairs and maintenance	134,167	114,677
Amortisation of JOPA	10,592	16,562
Others	98,760	123,517
	6,985,592	6,435,798

26.2 Selling and distribution expense

Selling and distribution expenses is detailed as follows:

For the year ended 31 December	2024	2023
Transportation and shipping	248,404	179,425
Employee related expenses	57,359	46,621
Depreciation and amortisation	8,578	7,920
Others	13,659	22,670
	328,000	256,636

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

26 Expenses (continued)

26.3 General and administrative expense

General and administrative expenses are detailed as follows:

For the year ended 31 December	2024	2023
Employee related expenses	255,241	213,296
Administrative support	141,849	109,458
Maintenance	56,160	20,521
Depreciation and amortisation	42,890	47,082
Professional fees	15,920	9,640
Amortisation of site development cost	12,670	20,024
Withholding tax expense	2,786	7,310
Others	81,826	64,485
	609,342	491,816

26.4 Research and development expense

Research and development expenses are detailed as follows:

For the year ended 31 December	2024	2023
Corporate technology and innovation charges (T&I)	36,120	33,011
Employee related expenses	20,530	15,567
Maintenance	9,091	8,305
Administrative support	3,727	2,065
Depreciation of right-of use assets	3,114	3,213
Amortisation of intangible asset	2,427	2,426
	75,009	64,587

27 Finance income and cost

Finance income is detailed as follows:

For the year ended 31 December	2024	2023
Murabaha deposits	604,283	564,268
Others	-	354
	604,283	564,622

Finance cost is detailed as follows:

For the year ended 31 December	2024	2023
Interest expenses related to defined benefit plans	54,208	49,197
Interest expense on lease liabilities	11,777	16,605
Bank charges and others	2,066	2,929
	68,051	68,731

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

27 Finance income and cost (continued)

Conventional and non-conventional break-up of finance income and finance cost is as follows:

For the year ended 31 December	2024	2023
Finance income		
Others	-	354
Total conventional finance income	-	354
- Income on non-conventional Murabaha deposits	604,283	564,268
Total finance income	604,283	564,622
Finance cost		
- Net interest on employee benefits (Note 21)	54,208	49,197
- Lease liabilities (Note 20)	11,777	16,605
- Bank charges and others	2,066	2,929
Total conventional finance cost	68,051	68,731
Total finance cost	68,051	68,731
Net conventional finance cost	(68,051)	(68,377)
Net non-conventional finance income	604,283	564,268
Net financial income	536,232	495,891

28 Other operating expenses, net

Other operating (expenses) income is detailed as follows:

For the year ended 31 December	2024	2023
Dividend income	18,981	28,472
Loss on disposal of property, plant and equipment	(1,028)	(6,048)
Foreign exchange loss	(2,627)	(3,429)
Donations expense	(10,012)	(9,992)
Miscellaneous items (Note 24)	(32,312)	(130,236)
Others	10,641	1,988
	(16,357)	(119,245)

29 Zakat and income tax

The movement in the net zakat and income tax payable can be shown as follows:

	For the year ended 31 December 2024		
	Zakat (Note 29.1)	Income tax (Note 29.2)	Deferred tax (Note 29.3)
At the beginning of the year	368,974	(54,707)	56,256
Provided during the year	290,933	26,912	(6,961)
Adjustment in respect of previous years	(8,848)	1,313	-
	282,085	28,225	(6,961)
Paid during the year	(338,604)	(11,452)	-
Effect of deferred tax on OCI	-	-	(44)
At the end of the year	312,455	(37,934)	49,251

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

29 Zakat and income tax (continued)

	For the year ended 31 December 2023		
	Zakat (Note 29.1)	Income tax (Notes 29.2)	Deferred tax (Note 29.3)
At the beginning of the year	402,775	25,956	55,395
Provided during the year	324,527	50,222	1,124
Adjustment in respect of previous years	87,113	794	-
	411,640	51,016	1,124
Paid during the year	(445,441)	(131,679)	-
Effect of deferred tax on OCI	-	-	(263)
At the end of the year	368,974	(54,707)	56,256

29.1 Zakat

Zakat returns of the Company and its wholly owned subsidiaries are submitted to the ZATCA based on special purpose consolidated financial statements prepared for zakat purposes. Principal elements of zakat base include the shareholders' equity, provisions, adjusted net income and long-term assets. Zakat return for the non-wholly owned subsidiary is submitted to ZATCA based on standalone financial statements of the subsidiary.

The Ministry of Finance has issued new zakat implementing regulations under ministerial resolution No. 1007 dated 19/8/1445H (corresponding to 29 February 2024) (the "New zakat by-laws"). The New zakat by-laws are effective for financial years starting from 1 January 2024 and replace the existing zakat by-laws issued under MR. 2216 dated 7/7/1440H (corresponding to 14 March 2019) as amended under ministerial resolution No. 58705 dated 21/9/1444H (corresponding to 12 April 2023) which were applicable on financial years commencing on 1 January 2019 to financial years ended on 31 December 2023.

The approach to computing the zakat liability has undergone changes with the implementation of the New zakat by-laws compared to the previous calculation basis. In this respect, during the year ended 31 December 2024, the Company has adopted the New zakat by-laws and has reflected the changes in the computation mechanism under the current year zakat calculation.

SABIC AN:

The Company has filed its zakat returns with ZATCA, received the zakat certificates, settled the zakat dues up to the year ended 31 December 2023. SABIC AN cleared its zakat assessments with ZATCA up to the year ended 31 December 2020.

During 2020, the Company had received zakat assessment for the year 2018 with additional zakat liability amounting to Saudi Riyals 18.3 million for which it had recognised additional provision amounting to Saudi Riyals 8.3 million. Management had appealed the assessment and it believes that the result will be in favour of the Group.

During 2021, the Company had received zakat assessment for the years 2019 and 2020 with additional zakat liability amounting to Saudi Riyals 10.3 million for which it was fully provided for. Management had appealed the assessment and it believes that the result of such appeal will be in favour of the Group.

During 2023, the Company received the decision of the Tax Violation Dispute Appellate Committee ("TVDAC"), the second level of the General Secretariat of Zakat, Tax and Customs Committees ("GSTC"), for the year 2018 and the case is now closed.

During 2024, the Company received the final decision of the Tax Violation Dispute Appellate Committee ("TVDAC"), the second level of the General Secretariat of Zakat, Tax and Customs Committees ("GSTC"), for the years 2019 to 2020 with no additional liabilities and the case is now closed.

Zakat returns for 2021 till 2023 are still under ZATCA's review.

Al-Bayroni:

ZATCA issued zakat assessments for the years 2015 through 2018 for an additional zakat liability of Saudi Riyals 6.5 million. Al-Bayroni has recognised an additional Saudi Riyals 6.2 million against such assessments.

ZATCA issued income tax assessments for the years 2015 through 2018 for an additional income tax liability of Saudi Riyals 21.2 million. Al-Bayroni has recognised an additional Saudi Riyals 21.2 million against such assessments and also paid the same amount during 2020.

Further, Al-Bayroni recognized an additional Saudi Riyals 5.9 million as a potential zakat exposure for the years 2019 through 2022 that are under review by ZATCA.

During 2023, Al-Bayroni received the decision of TVDAC for the above assessments and the case was closed in November 2023. Presently, the Al-Bayroni is waiting for a revised assessment from ZATCA for the years 2015 through 2018.

Zakat returns for 2019 through 2023 have been submitted to the ZATCA, however, they are still under the ZATCA's review.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

29 Zakat and income tax (continued)

29.1 Zakat (continued)

Ibn Al Baytar:

Zakat assessments have been agreed with the ZATCA up to 2018. Zakat returns for the years 2019 to 2023 have been submitted to the ZATCA. However, they are under the ZATCA's review.

SANIC:

Zakat returns for 2021 to 2023 have been submitted to the ZATCA, however, they are still under the ZATCA's review.

29.2 Income tax

The major components of income tax in the consolidated statement of income and consolidated statement of comprehensive income is detailed as follows:

For the year ended 31 December	2024	2023
Current income tax		
Current year charge	26,912	50,222
Prior year adjustment	1,313	794
Deferred income tax		
(Decrease) increase in deferred tax liabilities	(6,961)	1,124
Total income tax expense reported in the consolidated statement of income	21,264	52,140
Effect of deferred tax on OCI	(44)	(263)
Total income tax expense reported in the consolidated statement of income and consolidated statement of comprehensive income	21,220	51,877

The following deferred income tax related items charged or credited directly to equity, and reported in the consolidated statement of comprehensive income, is detailed as follows for the years ended 31 December:

For the year ended 31 December	2024	2023
Tax benefit on re-measurement of defined benefit plans	44	263
Decrease (increase) in deferred tax liability	6,961	(1,124)
Deferred income tax credit (expense) in other comprehensive income	7,005	(861)

The relationship between the domestic (Saudi Arabia) income tax expense and the effective tax expense is as follows for the years ended 31 December:

For the year ended 31 December	2024	2023
Income before zakat and income tax	3,745,582	4,327,890
Exclude: income subject to Zakat	(3,609,257)	(4,071,090)
Income subject to income tax (i)	136,325	256,800
Domestic income tax rate (KSA) (%)	20%	20%
Income tax at domestic tax rate	27,265	51,360
Tax effects of:		
- Prior year tax assessments	1,313	794
- Others	(7,314)	(14)
Total income tax expense in consolidated statement of income	21,264	52,140

- i) The income subject to tax income tax is based on the foreign shareholder's percentage of 50% (2023: 50%) of the income from Al-Bayroni.
- ii) The effective income tax rate on the income subject to income tax is 15.6 % (2023: 20.3%).
- iii) The Group made advance quarterly payments of income tax pertaining to the year-ended 31 December 2023 and 2024. The Group expects the advance payments to be realised within twelve months after the reporting period and has accordingly presented the advance payment balance as a current asset in the consolidated statement of financial position.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

29 Zakat and income tax (continued)

29.3 Deferred tax

The deferred income tax liabilities presented in the consolidated statement of financial position are as follows:

For the year ended 31 December	2024	2023
Deferred income tax assets	(3,272)	(4,219)
Deferred income tax liabilities	52,523	60,475
	49,251	56,256

Components of deferred income tax are as follows:

	Consolidated statement of financial position		Consolidated statement of income	
	2024	2023	2024	2023
- Property, plant and equipment and intangible assets	52,523	60,475	7,952	(840)
Net deferred income tax liabilities	52,523	60,475	7,952	(840)
- Provisions on inventories	(3,162)	(4,095)	(933)	133
- Employee benefits	(110)	(124)	(58)	(417)
Net deferred income tax assets	(3,272)	(4,219)	(991)	(284)
Deferred income tax credit (expense)			6,961	(1,124)

The Group offsets tax assets and liabilities, if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred to income taxes levied by the same tax authority.

The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the scheduled reversal of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

30 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

For the year ended 31 December	2024	2023
Net income attributable to equity holders of the Parent (Saudi Riyals '000)	3,327,172	3,659,449
Weighted average number of ordinary shares ('000)	476,035	476,035
Earnings per share from net income attributable to equity holders of the Parent (Saudi Riyals)	6.99	7.69

There are no instruments that have dilutive impact on the earnings per share.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

31 Related party transactions and balances

Interests in subsidiaries are set out in Note 1.

Related parties represent the ultimate parent company, parent company, shareholders, 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 company
Aramco Trading Company	Subsidiary of Saudi Aramco
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 significant transactions that have been entered into with related parties during the year ended 31 December 2024 and 2023, as well as balances with related parties as of those dates:

	For the year ended 31 December 2024		As at 31 December 2024	
	Sales to related parties	Purchases, shared services charges, T&I and other charges	Amounts owed by related parties	Amounts owed to related parties
SABIC	627,888	(503,803)	100,721	(197,106)
SABIC associates	140	(3,347,586)	8,518	(385,334)
SABIC affiliates	5,420,141	(652,976)	782,075	(66,907)
Saudi Aramco	-	(1,035,160)	-	(102,030)
TFC	-	(195)	-	-
ETG Agri Inputs FZE	597,148	(816)	174,180	-
	For the year ended 31 December 2023		As at 31 December 2023	
	Sales to related parties	Purchases, shared services charges, T&I and other charges	Amounts owed by related parties	Amounts owed to related parties
SABIC	686,623	(456,661)	105,980	(143,275)
SABIC associates	19,261	(3,192,355)	20,264	(414,142)
SABIC affiliates	5,286,646	(558,691)	831,972	(44,099)
Saudi Aramco	-	(717,270)	-	(69,972)
Aramco Trading Company	19	-	-	-
ETG Agri Inputs FZE	436,680	-	229,292	-

- The Group has a service level agreement with SABIC (Shared Services Organization - SSO) for the provision of accounting, human resources, information technology (ERP/SAP), engineering, procurement and related services.
- The Group's annual contribution to SABIC for technology and innovation is based on a cost allocation basis based on the employees' headcount which is charged to research and development expense in the consolidated statement of income.
- All petrochemical products revenue is made to SABIC under marketing agreements. See Note 32.
- Revenue of the Group includes sales of Saudi Riyals Nil (2023: Saudi Riyals 36.8 million) as part of the off-take agreement with TFC.
- Outstanding balances at 31 December 2024 and at 31 December 2023 are unsecured, interest free and to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2023: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.
- Accrued liabilities (Note 24) include accrued expenses against related party charges amounting to Saudi Riyals 231.4 million as of 31 December 2024. (31 December 2023: Saudi Riyals 262.3 million).
- Other assets and receivables (Note 12) include employee benefits receivables from SABIC amounting to Saudi Riyals 1.5 million as at 31 December 2024 (31 December 2023: Saudi Riyals 67.4 million).
- The Group has opted for the exemption under IAS 24 for disclosing related party transactions for entities where government has control or joint control, or significant influence considering the insignificance of such transactions.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

31 Related party transactions and balances (continued)

Key management personnel compensation

In addition to remunerations to key management personnel, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf. Remuneration of key management can be shown as follows:

For the year ended 31 December	2024	2023
Short-term employee benefits	33,340	34,596
Post-employment benefits	18,119	13,989
Total	51,459	48,585

32 Segment information

For management purposes, the Group is organised into two Strategic Business Units (“SBU”), which, based on its products, are grouped in two reporting segments (Agri-Nutrients and Petrochemicals).

The **Agri-Nutrients** SBU consists of a range of fertiliser products; including urea, ammonia, phosphate, as well as compound fertilisers.

The **Petrochemicals** SBU consists of chemicals which are produced from hydrocarbon feedstock into a range of products including 2EH (2-ethylhexanol) and DOP (di-Octyl 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. All intercompany transactions within the reporting segments have been appropriately eliminated.

Revenues of approximately Saudi Riyals 6.0 billion for the year ended 31 December 2024 were derived from three related party customers (31 December 2023: Saudi Riyals 5.9 billion).

All intercompany transactions within the reporting segments have been appropriately eliminated. The segments’ financial details are shown below:

	For the year ended 31 December 2024		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	627,897	10,433,394	11,061,291
Depreciation and amortisation	(66,459)	(893,275)	(959,734)
Income from operations	44,690	3,003,552	3,048,242
Share of results from an associate and a joint venture	-	161,108	161,108
Finance income	4,987	599,296	604,283
Finance cost	(6,640)	(61,411)	(68,051)
Income before zakat and income tax	43,037	3,702,545	3,745,582

	For the year ended 31 December 2023		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	691,825	10,341,604	11,033,429
Depreciation and amortisation	(76,451)	(875,543)	(951,994)
Income from operations	128,207	3,535,464	3,663,671
Share of results from an associate and a joint venture	-	168,328	168,328
Finance income	3,856	560,766	564,622
Finance cost	(6,659)	(62,072)	(68,731)
Income before zakat and income tax	125,404	4,202,486	4,327,890

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

32 Segment information (continued)

Geographical distribution of revenue

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	Amount	%	Amount	%
Singapore	2,741,521	25%	3,193,625	29%
United states of America	2,271,519	21%	2,216,812	20%
India	1,572,560	14%	2,047,451	19%
Kingdom of Saudi Arabia	1,439,631	13%	1,658,457	15%
United Arab Emirates	762,862	7%	600,610	5%
Bangladesh	749,713	7%	642,528	6%
Pakistan	340,846	3%	115,250	1%
Others	1,182,639	10%	558,696	5%
	11,061,291	100%	11,033,429	100%

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

33 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The maximum exposure to credit risk is the carrying value of these assets.

The Group's policies limit the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, the Group's policies require that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions, in the majority of cases with investment grade credit ratings. The group ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third party rating models.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

33 Financial risk management (continued)**33.1 Credit risk (continued)**

	A+	A	A-	Other	Carry value in the statement of financial position 31 December 2024
Cash and cash equivalents	857,669	5,971,447	984,013	-	7,813,129
Short term investments	-	1,942,289	1,761,230	-	3,703,519
Trade receivables	891,314	-	-	696,234	1,587,548
Financial asset at FVOCI	-	-	-	358,741	358,741
	1,748,983	7,913,736	2,745,243	1,054,975	13,462,937

	A+	A	A-	Other	Carry value in the statement of financial position 31 December 2023
Cash and cash equivalents	1,151,340	2,062,824	1,027,879	-	4,242,043
Short term investments	-	4,600,611	2,205,691	-	6,806,302
Trade receivables	958,215	-	-	608,391	1,566,606
Financial asset at FVOCI	-	-	-	361,114	361,114
	2,109,555	6,663,435	3,233,570	969,505	12,976,065

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. Also, geographically there is no concentration of credit risk.

The Group trades only with recognised, credit worthy third parties and related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Credit quality of the customer is assessed based on an extensive credit rating scorecard. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers using an internal and external rating criteria. Credit quality of the customer is assessed based on a credit rating scorecard. Outstanding customer receivables are regularly monitored. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

33.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management also monitors its risk to a shortage of funds using forecasting models to model impacts of operational activities on overall liquidity availability. The Group invests surplus cash in current accounts and time deposits, ensuring instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. The Group prioritizes security and liquidity over yield.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

33 Financial risk management (continued)**33.2 Liquidity risk (continued)**

The table below summaries the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	31 December 2024			Total
	Within 1 year	Between 1-5 years	More than 5 years	
Trade payables	792,997	-	-	792,997
Lease liabilities	29,156	64,669	720,149	813,974
Dividend Payable	1,644,039	-	-	1,644,039
Derivative financial instruments	-	-	1,095,000	1,095,000
Other liabilities	238,652	-	-	238,652
	2,704,844	64,669	1,815,149	4,584,662

	31 December 2023			Total
	Within 1 year	Between 1-5 years	More than 5 years	
Trade payables	710,805	-	-	710,805
Lease liabilities	32,677	79,108	734,867	846,652
Dividend Payable	1,697,135	-	-	1,697,135
Derivative financial instruments	-	-	1,440,000	1,440,000
Other liabilities	344,934	-	-	344,934
	2,785,551	79,108	2,174,867	5,039,526

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign equity prices, exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Equity price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified as financial assets at FVOCI.

The effect on financial assets at FVOCI due to change in price by 10%, with all other variables held consistent, is Saudi Riyals 35.9 million (2023: Saudi Riyals 36.1 million). Other components of equity would increase/decrease as a result of these fluctuations.

Exchange rate risk

The Group's foreign currency risk management objective is to protect future cash flows in Saudi Riyals and in USD. Cash flow foreign currency risk exposures are considered at the group level and these primarily consist of currency exchange risks from account payables and receivables. When managing currency risk the Group assumes all capital expenditure is in USD and EUR exposures are reflected in the sales price, with an appropriate holding period. If a foreign currency exposure breaches certain thresholds then the Group will apply risk management activities. There is no exposure of Saudi Riyals to USD, as the Saudi Riyal is pegged to the USD.

34 Capital management

The primary objective to the Group's capital management is to support its business and maximise shareholder value.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, and non-controlling interests. There were no changes in the Group's approach to capital management during the year. The Board of Directors also monitors the level of dividends to ordinary shareholders and capital management. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

34.1 Compliance with covenants

The Group does not have any borrowing and is not subject to any covenants.

35 Commitments and contingencies

35.1 Commitments

At 31 December 2024, the Group had commitments of Saudi Riyals 624.4 million (31 December 2023: Saudi Riyals 631.7 million) relating to capital expenditures.

The Group also has lease arrangements with Royal Commission for Jubail and Yanbu (refer Note 8) 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.

35.2 Contingent liabilities

The Group is subject to risks related to legal and regulatory frameworks. These may include product liability, competition and anti-trust law, export control, data protection, patent law, procurement law, tax legislation and environmental protection. Furthermore, litigation and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which the Group is or becomes involved (or settlements thereof) could result in substantial penalties, which may give rise to significant losses, costs and expenses. Such losses, costs and expenses may not be covered, or fully covered, by insurance benefits. Violation of such legal or regulatory laws may result in civil or criminal penalties, effect on reputation and/or other adverse financial consequences on the Group.

In the ordinary course of business, the Group has several legal claims. After having obtained appropriate legal advice, management is of the opinion that these claims will not have a significant adverse impact on the financial position of the Group or its future results, other than those that have been accrued for.

The Group's bankers have issued, on its behalf, bank guarantees amounting to Saudi Riyals 99.5 million (31 December 2023: Saudi Riyals 201.8 million) in the normal course of business.

36 Appropriation of net income and dividends distributions

For the year ended 31 December	2024	2023
Dividends attributable to the shareholders of the Company	2,856,212	6,664,496
Dividends attributable to the non-controlling interest	195,000	327,500
Total	3,051,212	6,991,996

Dividends attributable to the shareholders of the Company

i) During the year ended 31 December 2024

- On 21 Jamada I 1446H (corresponding to 22 December 2024), 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 second half of 2024. Dividends will be available for distribution to shareholders on 05 Sha'aban 1446H (corresponding to 04 February 2025)
- On 22 Dhul-Qa'adh 1445H (corresponding to 30 May 2024), 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 2024. Dividends were available for distribution on 16 Muharram 1446H (corresponding to 22 July 2024).

ii) During the year ended 31 December 2023

- On 04 Jamada II 1445H (corresponding to 17 December 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 second half of 2023. Dividends were available for distribution to shareholders on 11 Sha'aban 1445H (corresponding to 21 February 2024).
- On 16 Thul-Qa'adh 1444H (corresponding to 05 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).

Notes to the consolidated financial statements (continued)

All amounts in thousands of Saudi Riyals unless otherwise stated

36 Appropriation of net income and dividends distributions (continued)

ii) During the year ended 31 December 2023 (continued)

- On 25 Jamada 01 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. The proposed dividends were approved by the General Assembly on their meeting held on 04 Ramadan 1444H (corresponding to 26 March 2023). These were not included as a liability in the year ended 31 December 2022 consolidated financial statements.

Dividends attributable to the non-controlling interest

i) During the year ended 31 December 2024

- On 07 Rabi' al-Thani 1446H (corresponding to 10 October 2024), the Board of Directors of Al-Bayroni approved to distribute final interim dividends for the period ended 30 September 2024 amounting to Saudi Riyals 170.0 million (Saudi Riyals 85.0 million to each Partner). Dividends were available for distribution to the Partners on 14 Rabi' al-Thani 1446 H (corresponding to 17 October 2024).
- On 05 Muharram 1446H (corresponding to 11 July 2024), the Board of Directors of Al-Bayroni approved to distribute final interim dividends for the period ended 30 June 2024 amounting to Saudi Riyals 100.0 million (Saudi Riyals 50.0 million to each Partner). Dividends were available for distribution to the Partners on 12 Muharram 1446H (corresponding to 18 July 2024).
- On 26 Sha'ban 1445H (corresponding to 07 March 2024), the Board of Directors of Al-Bayroni approved to distribute interim dividends for the period ended 31 March 2024 amounting to Saudi Riyals 120.0 million (Saudi Riyals 60.0 million to each Partner). Dividends were available for distribution to the Partners on 18 Ramadhan 1445H (corresponding to 28 March 2024).

ii) During the year ended 31 December 2023

- On 08 Jamada II 1445H (corresponding to 21 December 2023), the Board of Directors of Al-Bayroni approved to distribute interim dividends for the period ended 31 December 2023 amounting to Saudi Riyals 75 million (Saudi Riyals 37.5 million to each Partner). Dividends were available for distribution to the Partners on 15 Jamada II 1445H (corresponding to 28 December 2023).
- 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 02 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 06 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 08 Ramadan 1444H (corresponding to 30 March 2023).

37 Other Information

During the year ended 31 December 2024, the Company received approval from the Ministry of Energy for allocation of feedstock to build a new plant in Jubail Industrial City. The plant will add 1.2 million metric tonne of Blue (low carbon) Ammonia and 1.1 million metric ton of Urea and specialized Agri-Nutrients products to the Company's current production capacity.

38 Subsequent events

There have been no subsequent events since the year ended 31 December 2024 which would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.