

Sahara International Petrochemical Company
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and nine-month periods ended 30 September 2024
and Independent Auditor's Review Report

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024

INDEX	PAGE
Report on review of condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position	2 - 3
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of comprehensive income	5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7 - 8
Notes to the condensed consolidated interim financial statements	9 - 20



Report on review of condensed consolidated interim financial statements

To the shareholders of Sahara International Petrochemical Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Sahara International Petrochemical Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2024 and the related condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2024 and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

A blue ink signature, appearing to read "Ali H. Al Basri", written over a horizontal line.

Ali H. Al Basri
License Number 409

24 October 2024

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	As at 30 September 2024 (Unaudited)	As at 31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	11,506,150	11,662,592
Right-of-use assets		115,297	117,396
Intangible assets		585,951	542,844
Goodwill		630,483	630,483
Investments in equity accounted investees	7	3,790,533	3,795,519
Long term investments		136,994	172,033
Deferred tax assets		4,932	4,932
Long term prepaid employees' benefits		622,267	700,152
Derivative financial instruments		38,547	34,208
Other non-current assets		42,542	41,665
Total non-current assets		17,473,696	17,701,824
Current assets			
Inventories		1,317,226	1,108,966
Trade receivables	10	1,122,352	1,115,027
Prepayments and other current assets	11	388,854	268,042
Short term investments	14	150,000	326,000
Cash and cash equivalents		1,490,726	1,504,040
Total current assets		4,469,158	4,322,075
Total assets		21,942,854	22,023,899
Equity and liabilities			
Share capital		7,333,333	7,333,333
Share premium		4,022,624	4,031,657
Treasury shares		(83,191)	(82,116)
Statutory reserve	9	-	2,089,149
Other reserves		(297,518)	(301,211)
Retained earnings		4,631,156	2,498,417
Equity attributable to the equity holders of the Company		15,606,404	15,569,229
Non-controlling interests		865,613	853,097
Total equity		16,472,017	16,422,326
Liabilities			
Non-current liabilities			
Long term borrowings	8	1,616,978	2,017,382
Contractual liabilities		34,693	38,163
Lease liabilities		160,090	158,662
Employees' benefits		716,553	635,895
Deferred tax liabilities		55,838	44,824
Provision for decommissioning costs		149,798	144,383
Other non-current liabilities		8,556	8,556
Total non-current liabilities		2,742,506	3,047,865

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	As at 30 September 2024 (Unaudited)	As at 31 December 2023 (Audited)
Current liabilities			
Current portion of long term borrowings	8	414,189	338,464
Short term borrowings	8	259,875	196,875
Current portion of contractual liabilities		136,986	132,248
Current portion of lease liabilities		8,310	8,399
Trade payables		372,864	291,619
Accrued expenses and other current liabilities		1,113,121	1,049,103
Provision for precious metals		216,530	236,871
Zakat and income tax payable	5	206,456	300,129
Total current liabilities		2,728,331	2,553,708
Total liabilities		5,470,837	5,601,573
Total equity and liabilities		21,942,854	22,023,899

The condensed consolidated interim financial statements were approved by the Board of Directors of the Company on 14 Rabi Al Thani 1446H (corresponding to 17 October 2024) and have been signed on their behalf by:



Khalid Abdullah Al-Zamil
Chairman of the Board



Abdullah Saif Al-Saadon
Chief Executive Officer



Rushdi Khalid Al-Dulajjan
Vice President, Finance

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	Three months from 1 July to 30 September (Unaudited)		Nine months from 1 January to 30 September (Unaudited)	
		2024	2023	2024	2023
Revenue	1,3	1,626,750	1,789,373	5,321,654	5,578,234
Cost of revenues		(1,296,933)	(1,331,548)	(4,190,929)	(3,837,875)
Gross profit	1	329,817	457,825	1,130,725	1,740,359
Selling and distribution expenses		(36,239)	(26,600)	(175,111)	(178,805)
General and administrative expenses		(141,647)	(126,547)	(372,171)	(342,722)
Other operating income	15	-	-	53,000	-
Operating profit		151,931	304,678	636,443	1,218,832
Share of profit / (loss) from equity accounted investees		21,363	26,004	(14,199)	107,210
Finance income		15,889	21,169	41,185	69,380
Finance costs		(52,737)	(63,465)	(158,801)	(193,445)
Other income, net		3,069	5,115	7,614	16,836
Profit before zakat and income tax		139,515	293,501	512,242	1,218,813
Zakat	5	(5,843)	(12,334)	9,463	(49,095)
Income tax		(9,092)	(8,081)	(37,808)	(31,632)
Profit for the period		124,580	273,086	483,897	1,138,086
Profit is attributable to:					
Equity holders of the Company		103,154	233,085	406,151	1,016,336
Non-controlling interests		21,426	40,001	77,746	121,750
Profit for the period		124,580	273,086	483,897	1,138,086
Earnings per share (Saudi Riyals):					
Basic earnings per share	16	0.14	0.32	0.56	1.40
Diluted earnings per share	16	0.14	0.32	0.55	1.39


Khalid Abdullah Al- Zamil
Chairman of the Board


Abdullah Saif Al-Sadeon
Chief Executive Officer


Rushdi Khalid Al-Dulailjan
Vice President, Finance

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Three months from 1 July to 30 September (Unaudited)		Nine months from 1 January to 30 September (Unaudited)	
	2024	2023	2024	2023
Profit for the period	124,580	273,086	483,897	1,138,086
Other comprehensive income / (loss) <i>Items that will be reclassified to profit or loss in subsequent periods:</i>				
Exchange difference on translation of foreign operations	340	(86)	146	(23)
Changes in fair value of derivative financial instruments designated as hedges	(2,147)	-	4,339	-
	(1,807)	(86)	4,485	(23)
<i>Items that will not be reclassified to profit or loss in subsequent</i>				
Changes in fair value of financial assets classified at fair value through other comprehensive income	(2,012)	1,341	(3,166)	2,961
Total other comprehensive (loss) / income for the period	(3,819)	1,255	1,319	2,938
Total comprehensive income for the period	120,761	274,341	485,216	1,141,024
Total comprehensive income is attributable to:				
Equity holders of the Company	99,335	234,340	407,470	1,019,274
Non-controlling interests	21,426	40,001	77,746	121,750
Total comprehensive income for the period	120,761	274,341	485,216	1,141,024



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Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer



Rushdi Khalid Al-Dulaijan
Vice President, Finance

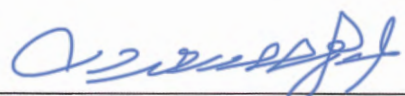
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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Attributable to the equity holders of Company						Non-controlling interests	
	Share Capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total	Total
As at 1 January 2024 (Audited)	7,333,333	4,031,657	(82,116)	2,089,149	(301,211)	2,498,417	15,569,229	16,422,326
Profit for the period (Unaudited)	-	-	-	-	-	406,151	406,151	483,897
Other comprehensive income for the period (Unaudited)	-	-	-	-	1,319	-	1,319	1,319
Total comprehensive income for the period (Unaudited)	-	-	-	-	1,319	406,151	407,470	485,216
Net change in treasury shares (Unaudited)	-	(9,033)	(1,075)	-	-	-	(10,108)	(10,108)
Net change in other reserves (Unaudited)	-	-	-	-	2,374	-	2,374	2,374
Transfer to retained earnings (Unaudited) (Note 9)	-	-	-	(2,089,149)	-	2,089,149	-	-
Dividends (Unaudited) (Note 17)	-	-	-	-	-	(362,561)	(362,561)	(427,791)
As at 30 September 2024 (Unaudited)	7,333,333	4,022,624	(83,191)	-	(297,518)	4,631,156	15,606,404	16,472,017

	Attributable to the equity holders of Company						Non-controlling interests	
	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total	Total
As at 1 January 2023 (Audited)	7,333,333	4,059,262	(92,261)	1,971,650	(355,887)	2,891,166	15,807,263	16,736,823
Profit for the period (Unaudited)	-	-	-	-	-	1,016,336	1,016,336	1,138,086
Other comprehensive income for the period (Unaudited)	-	-	-	-	2,938	-	2,938	2,938
Total comprehensive income for the period (Unaudited)	-	-	-	-	2,938	1,016,336	1,019,274	1,141,024
Net change in treasury shares (Unaudited)	-	(18,692)	9,798	-	-	-	(8,894)	(8,894)
Net change in other reserves (Unaudited)	-	-	-	-	(3,342)	-	(3,342)	(3,342)
Dividends (Unaudited) (Note 17)	-	-	-	-	-	(906,402)	(906,402)	(1,041,897)
As at 30 September 2023 (Unaudited)	7,333,333	4,040,570	(82,463)	1,971,650	(356,291)	3,001,100	15,907,899	16,823,714


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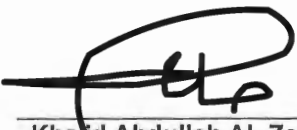
SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

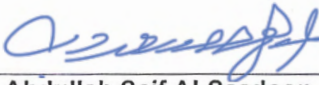
	Note	Nine months from 1 January to 30 September 2024 (Unaudited)	Nine months from 1 January to 30 September 2023 (Unaudited)
Cash flow from operating activities			
Profit before zakat and income tax		512,242	1,218,813
<i>Non-cash adjustments to reconcile profit before zakat and income tax to net cash flows:</i>			
Depreciation of property, plant and equipment and right of use assets		578,460	607,192
Amortization of intangible assets and long term prepaid employees' benefits		78,471	61,098
Amortization of contractual liabilities		(3,470)	(5,651)
Share of loss / (profit) from equity accounted investees		14,199	(107,210)
Provision for employees' benefits		76,496	51,723
Reversal of provision for precious metals		(20,341)	(207,430)
Write off of property, plant and equipment		251	-
Fair value loss / (gain) on investments		8,152	(805)
Finance income		(41,185)	(69,380)
Finance costs		158,801	193,445
		<u>1,362,076</u>	<u>1,741,795</u>
Changes in:			
Trade receivables		(7,325)	(27,353)
Inventories		(208,260)	284,368
Prepayments and other current assets		(120,062)	(69,804)
Trade payables, accrued expenses and other current liabilities		154,633	(50,462)
Long term prepaid employees' benefits		52,617	14,074
Cash flows from operations		<u>1,233,679</u>	<u>1,892,618</u>
Employees' benefits paid		(12,819)	(12,956)
Zakat and income tax paid		(96,067)	(215,006)
Net cash generated from operating activities		<u>1,124,793</u>	<u>1,664,656</u>
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	6	(491,216)	(508,620)
Payments for purchase of intangibles		(27,341)	(1,106)
Placements in long term investments		(6,075)	-
Redemption of long-term investments		29,796	-
Placements in short-term investments		(508,800)	(1,013,603)
Redemption of short-term investments		684,800	827,500
Finance income received		40,435	65,731
Dividend received from an associate		-	113,925
Investment in a joint venture		(9,375)	(9,375)
Net cash used in investing activities		<u>(287,776)</u>	<u>(525,548)</u>

(continued)

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	Nine months from 1 January to 30 September 2024 (Unaudited)	Nine months from 1 January to 30 September 2023 (Unaudited)
Cash flow from financing activities			
Repayment of long-term borrowings		(332,383)	(733,123)
Proceeds from long-term borrowings		7,650	-
Proceeds from short-term borrowings	8	63,000	296,875
Purchase of treasury shares		(12,814)	(23,759)
Dividends paid by subsidiaries to non-controlling interests		(65,230)	(135,495)
Dividends paid to shareholders		(362,561)	(906,402)
Finance costs paid		(143,062)	(179,033)
Payment of lease liabilities		(5,438)	(5,620)
Net cash used in financing activities		(850,838)	(1,686,557)
Net decrease in cash and cash equivalents		(13,821)	(547,449)
Cash and cash equivalents at 1 January		1,504,040	2,455,935
Effect of exchange rate fluctuations		507	(353)
Cash and cash equivalents at 30 September		1,490,726	1,908,133


Khalid Abdullah Al-Zamil
Chairman of the Board


Abdullah Saif Al-Saadoon
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Vice President, Finance

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

1. CORPORATE INFORMATION

Sahara International Petrochemical Company ("Sipchem" or "the Company"), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia ("KSA") under commercial registration number 2051023922 dated 30 Shawwal 1420H, corresponding to 6 February 2000. The Company's registered head office is in Al-Khobar, with a branch in the city of Riyadh having commercial registration number 1010156910 dated 14 Ramadan 1420H, corresponding to 22 December 1999, and another branch in Jubail Industrial City having commercial registration number 2055007570 dated 4 Jumada Al-Awal, 1427H, corresponding to 1 June 2006.

The Company's principal place of business is in Al Jubail, Kingdom of Saudi Arabia.

The principal activities of the Company are to own, establish, operate and manage industrial projects especially those related to chemical and petrochemical industries. The Company has the following subsidiaries (the Company and its subsidiaries hereinafter collectively referred to as the "Group"):

Subsidiaries	Country of incorporation and principal place of business	Effective ownership percentage at	
		30 September 2024	31 December 2023
Sahara Petrochemicals Company ("Sahara")	Saudi Arabia	100%	100%
International Methanol Company ("IMC")	Saudi Arabia	65%	65%
International Diol Company ("IDC")	Saudi Arabia	100%	100%
International Acetyl Company ("IAC")	Saudi Arabia	100%	100%
International Vinyl Acetate Company ("IVC")	Saudi Arabia	100%	100%
International Gases Company ("IGC")	Saudi Arabia	100%	100%
Sipchem Marketing Company ("SMC")	Saudi Arabia	100%	100%
Sahara Marketing Company ("SaMC")	Saudi Arabia	100%	100%
Sipchem Europe Cooperative U.A	Netherlands	100%	100%
Sipchem Europe B.V.	Netherlands	100%	100%
Sipchem Europe SA	Switzerland	100%	100%
Sipchem Asia PTE Ltd.	Singapore	100%	100%
International Utility Company ("IUC")	Saudi Arabia	93%	93%
International Polymers Company ("IPC")	Saudi Arabia	75%	75%
Sipchem Chemical Company ("SCC")	Saudi Arabia	100%	100%
Saudi Specialized Products Company ("SSPC")	Saudi Arabia	100%	100%
Saudi Advanced Technologies Company ("SAT")	Saudi Arabia	100%	100%
Sipchem InnoVent SA	Switzerland	100%	100%

The principal activities of the subsidiaries include production of petrochemical products, industrial gases, manufacturing of metal equipment and spare parts, provision of industrial utilities to the Group companies and provision of marketing services for the products manufactured by the Group companies.

The financial performance of the Group was affected during the nine months period ended 30 September 2024 mainly due to decline in the selling prices of the Group's products and increase in the prices of certain feedstocks. The Group management believes that the decline in selling prices is short-term and they are expected to improve in the next twelve months.

The Group management assessed that the adverse performance as compared with the expected results is an impairment indicator for certain of its cash generating units. Accordingly, Group management performed impairment assessment for such cash generating units. No impairment losses were identified as a result of such assessment. Group management also performed a sensitivity analysis and there are no estimates or assumptions used in such impairment assessments, a reasonable possible change in which can result in an impairment loss.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

1.1. Joint operation

The Company, through its subsidiary Sahara, holds 75% equity interest in Al-Waha Petrochemicals Company ("Al-Waha"), a joint operation which is primarily involved in manufacturing of Polypropylene. Al-Waha commenced its commercial operations in 2011.

1.2. Equity accounted investees

The Group also holds equity interests in following joint ventures and associates, incorporated and operating in the Kingdom of Saudi Arabia, which are primarily involved in manufacturing of petrochemical and other industrial products:

	Effective ownership percentage at	
	30 September 2024	31 December 2023
Joint ventures		
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	50%	50%
Gulf Advanced Cable Insulation Company ("GACI")	50%	50%
Linde Sipchem Industrial Gases Company ("LSIG")	50%	50%
Associates		
Tasnee and Sahara Olefins Company ("TSOC")	32.55%	32.55%
Saudi Acrylic Acid Company ("SAAC")	43.16%	43.16%
Khair Inorganic Chemicals Industries Company ("Inochem")	30%	30%

SAT is in the process of establishing Wahaj Nexter Industrial Company ("Nexter") and Portsmouth Arabia Company ("PAC") together with certain foreign partners.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1. Statement of compliance

These condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Interim Financial Statements do not include all information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ("Last Annual Financial Statements"). However, changes in accounting policies (if any) and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the Last Annual Financial Statements. An interim period is considered as an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

2.2. Basis of preparation

These Interim Financial Statements have been prepared on a historical cost basis, using accrual basis of accounting, except for the following material items in the condensed consolidated interim statement of financial position:

- Equity securities and certain financial assets (including derivative assets) measured at fair value;
- The defined benefit obligation for employees' end of service liability;
- Certain trade receivables;
- Right-of-use assets and lease liabilities;
- Deferred tax assets and liabilities;
- Provision for decommissioning costs; and
- Provision for precious metals.

2.3. Use of judgements and estimates

In preparing these Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. There are no significant changes in judgements and estimates used by management in the preparation of the Interim Financial Statements from those that were applied and disclosed in the Last Annual Financial Statements.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

2.4. Material accounting policies

The accounting policies applied in these condensed consolidated Interim Financial Statements are the same as those applied in the Last Annual Consolidated Financial Statements.

2.5. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES DUE TO NEW STANDARDS

(a) New and revised standards with no material effect on the condensed consolidated interim financial statements

The following revised IFRSs have been adopted during the nine months period ended 30 September 2024. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- Amendments to IAS 1, Presentation of financial statements' - Non-current liabilities with covenants;
- Amendments to IFRS 16 'Leases' ("IFRS 16") - Leases on sale and leaseback; and
- Amendments to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures' ("IFRS 7") - Supplier finance arrangements.

(b) New and revised standards issued but not yet effective

New and revised standards that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective.

- Classification and measurement of financial instruments – (Amendments to IFRS 9 and IFRS 7)
- Subsidiaries without Public Accountability: Disclosures (IFRS 19), effective for annual periods beginning on or after 1 January 2027; and
- Presentation and Disclosure in Financial Statements (IFRS 18), effective for annual periods beginning on or after 1 January 2027; and
- Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of Exchangeability, effective for annual period beginning on or after 1 January 2025.

Management is currently assessing the impact, if any, these amendments may have on the Group's condensed consolidated interim financial statements.

3. REVENUE

	Nine months from 1 January to 30 September 2024 (Unaudited)	Nine months from 1 January to 30 September 2023 (Unaudited)
Sale at provisional prices	5,205,103	5,609,882
Movement between provisional and final price	79,232	(52,263)
	5,284,335	5,557,619
Sales of specific products	37,319	20,615
Total revenue	5,321,654	5,578,234

Sale at provisional prices includes revenue from shipping and handling services which is recognized over time. For disaggregation of revenues refer Note 4.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

Contract balances

The following table provides information about receivables from contracts with customers:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Contract assets included in trade receivables	21,353	8,310
Contractual liabilities	9,160	4,422

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

4. SEGMENT INFORMATION

The Group has the following operating segments:

- **Basic chemicals**, which includes methanol, butane products and carbon monoxide.
- **Intermediate chemicals**, which includes acetic Acid, vinyl acetate monomer, ethyl acetate, butyl acetate, and utilities.
- **Polymers**, which includes Low-density polyethylene, polyvinyl acetate, polyvinyl alcohol, PBT, polypropylene, EVA and electrical connecting wire products.
- **Marketing**, which includes trading revenues of SMC and its foreign subsidiaries.
- **Corporate and others**, which includes Sipchem, and tool manufacturing plant. This segment also includes Sahara's enabling functions and support activities.

No operating segments have been aggregated to form the above reportable operating segments.

	For the nine months period ended 30 September 2024						
	Basic Chemicals	Intermediate Chemicals	Polymers	Marketing	Corporate and others	Inter segment transaction elimination	Total
Revenue							
External customers - KSA	88,045	-	-	389,245	68,922	-	546,212
External customers - foreign countries	1,291,336	1,098,240	1,655,438	730,428	-	-	4,775,442
Inter-segment	275,629	546,545	-	2,555,369	151,261	(3,528,804)	-
Total revenue	1,655,010	1,644,785	1,655,438	3,675,042	220,183	(3,528,804)	5,321,654
Gross profit	552,886	(50,900)	274,319	154,087	32,104	168,229	1,130,725
Operating costs	(89,109)	(30,285)	(120,053)	(77,945)	(55,739)	(121,151)	(494,282)
Operating profit / (loss)	463,777	(81,185)	154,266	76,142	(23,635)	47,078	636,443
Share of loss from equity accounted investees	-	(4,907)	-	-	(9,292)	-	(14,199)
Profit / (loss) before zakat and tax	425,299	(118,939)	66,617	85,089	234,010	(179,834)	512,242
Capital expenditure	123,679	115,037	129,786	2,353	147,673	-	518,528
Depreciation and amortization	153,979	204,772	240,320	6,756	25,815	-	631,642
Finance costs	(47,730)	(40,548)	(92,318)	(1,359)	(53,894)	77,048	(158,801)
Finance income	6,199	8,032	4,996	13	21,945	-	41,185
	As at 30 September 2024						
	Basic Chemicals	Intermediate Chemicals	Polymers	Marketing	Corporate and others	Inter segment transaction elimination	Total
Total assets	3,742,627	4,685,404	6,315,183	2,047,881	25,565,939	(20,414,180)	21,942,854
Total liabilities	1,260,793	1,326,652	2,587,947	1,334,637	3,447,219	(4,486,411)	5,470,837

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	For the nine months period ended 30 September 2023						
	Basic Chemicals	Intermediate Chemicals	Polymers	Marketing	Corporate and others	Inter segment transaction elimination	Total
Revenue							
External customers - KSA	86,341	-	-	572,102	63,987	-	722,430
External customers - foreign countries	1,019,980	1,325,526	2,094,535	415,763	-	-	4,855,804
Inter-segment	335,639	684,914	-	2,975,110	10,281	(4,005,944)	-
Total revenue	1,441,960	2,010,440	2,094,535	3,962,975	74,268	(4,005,944)	5,578,234
Gross profit / (loss)	665,039	352,343	557,288	149,830	(7,285)	23,144	1,740,359
Operating costs	(125,721)	(202,007)	(130,564)	(61,177)	(41,525)	39,467	(521,527)
Operating profit / (loss)	539,318	150,336	426,724	88,653	(48,810)	62,611	1,218,832
Share of income from equity accounted investees	-	-	-	-	107,210	-	107,210
Profit / (loss) before zakat and tax	505,303	116,839	336,399	88,495	138,764	33,013	1,218,813
Capital expenditure	232,215	70,655	92,563	3,017	73,689	-	472,139
Depreciation and amortization	130,823	245,599	200,542	6,495	42,940	-	626,399
Finance costs	(41,788)	(76,732)	(74,822)	(1,800)	(72,964)	74,661	(193,445)
Finance income	4,678	13,526	14,171	115	36,890	-	69,380

	As at 31 December 2023 (Audited)						
	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Inter segment transaction elimination	Total
Total assets	3,364,988	4,860,260	6,303,826	1,379,077	25,961,306	(19,845,558)	22,023,899
Total liabilities	1,116,031	1,292,550	2,503,971	882,076	3,463,163	(3,656,218)	5,601,573

Segment performance is evaluated based on profit or loss before zakat and tax and is measured consistently with profit or loss before zakat and tax in these Interim Financial Statements.

Revenue recognized at a point in time amounts to Saudi Riyals 5,110.8 million (nine months period ended 30 September 2023: Saudi Riyals 5,557.6 million). Revenue recognized over time amounts to Saudi Riyals 210.8 million.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

5. ZAKAT AND INCOME TAX

The Group is subject to zakat and income tax in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Zakat and income tax computation involves relevant knowledge and judgment of the zakat and tax rules and regulations to assess the impact of zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA has been completed, until which the Group retains exposure to additional zakat and tax liability.

Status of zakat and income tax assessments

Sipchem has finalized its zakat status with ZATCA up to the year 2008 and for the years 2011 to 2018. For the years 2009 and 2010, Sipchem received assessments from ZATCA resulting in zakat additional liability of Saudi Riyals 71.0 million which the company has appealed. During the six months ended 30 June 2024, the General Secretariat of Zakat and Tax Committee issued its decision with respect to the assessments for the years 2009 and 2010 in favor of Sipchem. Accordingly, the group management has partially reversed previously recognized provisions amounting to Saudi Riyals 53.0 million. The revised assessment and execution order from ZATCA is still awaited.

Certain Saudi subsidiaries filing their returns individually have received assessments for several years from ZATCA, resulting in additional zakat and tax liability amounting to Saudi Riyals 11.3 million (31 December 2023: Saudi Riyals 27.7 million), which are still under various stages of appeal.

As at 30 September 2024, the Group management believes that sufficient provisions are recorded against such open assessments.

6. PROPERTY, PLANT AND EQUIPMENT

a. Acquisitions

During the nine months period ended 30 September 2024, the Group acquired assets with a cost of Saudi Riyals 491.2 million (nine months period ended 30 September 2023: Saudi Riyals 508.6 million).

b. Capital work in progress

The Group's capital work-in-progress as at 30 September 2024 amounts to Saudi Riyals 1,214.9 million (as at 31 December 2023: Saudi Riyals 1,094.1 million) comprises mainly advances for purchases of items of property, plant and equipment and other costs incurred related to several projects for construction, expansion, and enhancements of operating plants.

7. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

	Note	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Investment in associates	7.1	3,478,394	3,423,643
Investment in joint ventures	7.2	312,139	371,876
		3,790,533	3,795,519

7.1. Investment in associates

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
TSOC	3,304,354	3,246,004
Inochem	174,040	177,639
	3,478,394	3,423,643

7.2. Investment in joint ventures

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
SAMAPCO	284,790	345,395
GACI	12,533	18,393
LSIG	14,816	8,088
	312,139	371,876

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

8. BORROWINGS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Current portion of long-term borrowings		
Sharia compliant loans	413,789	337,664
Saudi Industrial Development Fund ("SIDF")	400	800
	414,189	338,464
Other current loans		
Short term borrowings	259,875	196,875
Total current borrowings	674,064	535,339
Non-current borrowings		
Shari'a compliant loans	1,598,828	2,006,882
SIDF	18,150	10,500
Total non-current borrowings	1,616,978	2,017,382
Total borrowings	2,291,042	2,552,721

The borrowings bear financial charges at Saudi Arabian Inter Bank Offered Rate ("SAIBOR") plus a specified fixed margin. During the nine months period ended 30 September 2024, the Group repaid an amount of Saudi Riyals 331.9 million (nine months period ended 30 September 2023: Saudi Riyals 733.0 million) related to Sharia compliant loans.

Short term borrowings relate to financing obtained by a joint operation and by a subsidiary to finance its working capital requirements. These borrowings bear financial charges at a specified fixed margin.

The borrowing agreements include covenants to maintain certain financial ratios. As at 30 September 2024, the Group was in compliance with such covenants.

9. STATUTORY RESERVE

According to the newly enacted Regulations for Companies effective from 19 January 2023, the mandatory statutory reserve requirement was abolished. In pursuant to this change, during the six month period ended 30 June 2024, the Sipchem's shareholders resolved to amend its 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 2.1 billion was transferred to retained earnings.

10. FINANCIAL INSTRUMENTS

The Group's principal financial assets include cash and cash equivalents, trade receivable, long term investments and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise short and long term loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

Fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorised 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.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

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

	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 30 September 2024 (Unaudited)					
<u>Trade receivables</u>	1,065,881	1,065,881	-	1,065,881	-
<u>Derivative financial instruments</u>	38,547	38,547	-	-	38,547
<u>Long term investments</u>					
Listed mutual fund	26,138	26,138	26,138	-	-
Unlisted mutual fund	45,239	45,239	-	45,239	-
Equity shares	20,618	20,618	20,618	-	-
Total	1,196,423	1,196,423	46,756	1,111,120	38,547
As at 31 December 2023 (Audited)					
<u>Trade receivables</u>	1,074,156	1,074,156	-	1,074,156	-
<u>Derivative financial Instruments</u>	34,208	34,208	-	-	34,208
<u>Long term investments</u>					
Listed mutual fund	33,225	33,225	33,225	-	-
Unlisted mutual fund	76,096	76,096	-	76,096	-
Equity shares	17,710	17,710	17,710	-	-
Total	1,235,395	1,235,395	50,935	1,150,252	34,208

11. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Advances, deposits and prepayments	167,699	94,888
Due from related parties (Note 13)	77,620	52,181
VAT input tax receivable	134,022	88,193
Others	9,513	32,780
	388,854	268,042

12. COMMITMENTS AND CONTINGENCIES

- The capital expenditure contracted by the Group but not incurred till 30 September 2024 was approximately Saudi Riyals 1,792.4 million (31 December 2023: Saudi Riyals 305.8 million).
- At 30 September 2024, banks have issued guarantees and letters of credit on behalf of the Group amounting to Saudi Riyals 642.1 million (31 December 2023: Saudi Riyals 605.2 million).
- Also see Note 5 for details on zakat and income tax assessments.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associates and their shareholders, joint arrangements and their shareholders, non-controlling interests, key management personnel, directors, and entities controlled, jointly controlled or significantly influenced by such parties. During the period, the Group transacted with and had balances with the following related parties

Name	Relationship
Japan Arabia Methanol Company Limited ("JAMC")	Shareholder of a subsidiary (non-controlling interest)
Hanwha Chemical Malaysia Sdn Bhd ("Hanwha")	Shareholder of a subsidiary (non-controlling interest)
SAMAPCO	Joint venture
LSIG	Joint venture
GACI	Joint venture
Basell Arabia Investments Limited and its associates ("Lyondell Basell")	Shareholder of a joint operation
Saudi Ethylene and Polyethylene Company ("SEPC")	Indirect associate

a) Significant transactions with related parties other than key management personnel

Related party	Nature of transaction	Three months from 1 July to 30 September (Unaudited)		Nine months from 1 January to 30 September (Unaudited)	
		2024	2023	2024	2023
Hanwha	Sales made to Hanwha	79,864	132,559	317,546	425,904
JAMC	Sales made to JAMC	66,021	64,894	217,632	172,051
SAMAPCO	Shared service cost charged to SAMAPCO	25,538	29,765	76,341	86,497
Lyondell Basell	Sales made to Lyondell Basell	283,255	254,353	638,369	784,338
	Shared services cost charged to Lyondell Basell	2,585	10,416	18,270	24,091
SEPC	Purchase of ethylene by Al-Waha	26,995	28,937	71,060	52,573
	Purchase of ethylene by IVC	114,653	81,720	274,587	283,778

The above transactions resulted in the following unsecured balances with related parties:

i) Trade receivables

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Lyondell Basell	219,338	201,309
Hanwha	53,919	70,132
JAMC	40,433	71,872
	313,690	343,313

ii) Prepayments and other current assets

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
SAMAPCO	66,590	41,494
Lyondell Basell	8,604	8,762
LSIG	1,196	1,196
GACI	1,230	729
	77,620	52,181

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

iii) Accrued expenses and other current liabilities

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
SAMAPCO	77,260	91,618
Lyondell Basell	61,767	52,908
Hanwha	5,883	5,884
GACI	75	34
	144,985	150,444

b) Key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	Three months from 1 July to 30 September (Unaudited)		Nine months from 1 January to 30 September (Unaudited)	
	2024	2023	2024	2023
Short-term employee benefits	3,057	2,950	9,048	8,700
End of service benefits	337	504	1,892	2,920
Thrift plan	349	337	1,032	992
Share based payment transactions	74	66	222	177
Total compensation related to key management personnel	3,817	3,857	12,194	12,789

14. SHORT TERM INVESTMENTS

Short term investments represent deposits with commercial banks, carrying profit at prevailing market rates, having maturity of more than three months but less than a year from date of placement.

15. OTHER OPERATING INCOME

Other operating income comprise of full and final settlement of insurance claim received during the nine months period ended 30 September 2024 related to the damage and losses caused by the fire incident to the plant of SSPC in 2022.

16. EARNINGS PER SHARE

Basic earnings per share for profit attributable to ordinary shareholders for the three and nine months period ended 30 September 2024 and 2023 are computed based on the weighted average number of shares outstanding during such periods. Diluted earnings per share for profit attributable to ordinary shareholders for the three and nine months period ended 30 September 2024 and 2023 are computed based on the weighted average number of shares outstanding during such periods adjusted for treasury shares.

	Three months from 1 July to 30 September		Nine months from 1 January to 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the year attributable to equity holders of parent company	103,154	233,085	406,151	1,016,336
Weighted average number of shares used in calculating basic earnings per share	725,122	725,122	725,122	725,122
Weighted average number of shares used in calculating dilutive earnings per share	733,333	733,333	733,333	733,333
Basic earnings per share	0.14	0.32	0.56	1.40
Diluted earnings per share	0.14	0.32	0.55	1.39

17. DIVIDENDS

On 12 June 2024, the Board of Directors of the Company approved to distribute interim cash dividends amounting to Saudi Riyals 362.6 million, i.e. Saudi Riyals 0.5 per share (21 June 2023: interim cash dividends amounting to Saudi Riyals 906.4 million, i.e. Saudi Riyals 1.25 per share) which was paid on 11 July 2024.

18. SUBSEQUENT EVENTS

No adjusting event occurred between 30 September 2024 and the date of approval of these condensed consolidated interim financial statements which may have an impact on these condensed consolidated interim financial statements.