

# **Borouge PLC**

**DIRECTORS' REPORT, REVIEW REPORT AND  
INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2024**

DIRECTORS' REPORT, REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024

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# BOROUGE PLC

## DIRECTORS' REPORT

### FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024

The Directors present their report together with the interim condensed consolidated financial statements of Borouge PLC ("the Company") and its subsidiaries (the "Group") for the three month period ended 31 March 2024.

#### Principal activities

The purpose of the Company is to serve as a holding company for Abu Dhabi Polymers Co. Ltd (Borouge) – Sole Proprietorship L.L.C. ("ADP") and Borouge Pte Ltd. which are engaged in the principal activities of production of ethylene, propylene, polyethylene, polypropylene and trading of polyolefins, respectively.

#### Financial results

The financial results of the Group represent a profit for the period of USD 272.71 million (2022: USD 199.28 million) as presented in these interim condensed consolidated financial statements.

#### For the Board of Directors



Chairman

Date: 29 April 2024  
Abu Dhabi, UAE



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## **REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **TO THE BOARD OF DIRECTORS OF BOROUGE PLC**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Borouge PLC (the “Company”) and its subsidiaries (the “Group”) as at 31 March 2024, comprising of the interim condensed consolidated statement of financial position as at 31 March 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

#### *Scope of review*

We conducted our review in accordance with International Standards on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

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

Signed by:  
Ahmad Al Dali  
Partner  
Ernst & Young

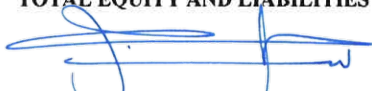
29 April 2024  
Abu Dhabi


# Borouge PLC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	31 March 2024 USD '000 (Unaudited)	31 December 2023 USD '000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	6,556,406	6,677,355
Intangible assets		59,182	60,126
Right-of-use assets		25,819	27,304
Investment in sublease	7	139,455	138,408
Loans to employees		21,363	22,769
Deferred tax assets		<u>3,202</u>	<u>3,450</u>
<b>Total non-current assets</b>		<b><u>6,805,427</u></b>	<b><u>6,929,412</u></b>
<b>Current assets</b>			
Inventories	4	668,329	645,184
Amounts due from related parties	7	182,998	181,549
Trade receivables	5	704,003	796,682
Loans to employees		12,624	12,570
Investments in sublease	7	4,123	4,233
Prepayments and other receivables		20,876	20,345
Cash and cash equivalents	6	<u>787,413</u>	<u>353,921</u>
<b>Total current assets</b>		<b><u>2,380,366</u></b>	<b><u>2,014,484</u></b>
<b>TOTAL ASSETS</b>		<b><u>9,185,793</u></b>	<b><u>8,943,896</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,809,231	4,809,231
Merger reserve		(4,446,467)	(4,446,467)
Restricted reserve		186,486	186,486
Capital reserve		12,490	12,490
Cash flow hedge reserve		(5,054)	(12,608)
Actuarial reserve		17,993	17,993
Translation reserve		(6,925)	(5,474)
Retained earnings		<u>3,591,562</u>	<u>3,970,831</u>
Equity attributable to the owners of the Company		4,159,316	4,532,482
Non-controlling interests		<u>9,115</u>	<u>13,354</u>
<b>Total equity</b>		<b><u>4,168,431</u></b>	<b><u>4,545,836</u></b>
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		94,325	93,018
Lease liabilities		161,728	162,286
Deferred tax liability		63,107	54,507
Bank loans	8	3,041,613	3,140,725
Derivative financial instruments		5,035	12,608
Amounts due to related parties	7	<u>34,389</u>	<u>34,389</u>
<b>Total non-current liabilities</b>		<b><u>3,400,197</u></b>	<b><u>3,497,533</u></b>
<b>Current liabilities</b>			
Trade and other payables		375,094	308,333
Amounts due to related parties	7	1,184,584	532,645
Lease liabilities		8,394	8,327
Provisions for employees end of service benefits		1,085	1,351
Income tax payable		<u>48,008</u>	<u>49,871</u>
<b>Total current liabilities</b>		<b><u>1,617,165</u></b>	<b><u>900,527</u></b>
<b>Total liabilities</b>		<b><u>5,017,362</u></b>	<b><u>4,398,060</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>9,185,793</u></b>	<b><u>8,943,896</u></b>

  
H.E. Dr. Sultan Ahmed Al Jaber  
Chairman

  
Hazeem Sultan Al Suwaidi  
Chief Executive Officer

  
Jan-Martin Nufer  
Chief Financial Officer

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

# Borouge PLC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three month ended 31 March 2024

	Notes	<i>For the three-month period ended 31 March 2024 USD'000 (Unaudited)</i>	<i>For the three-month period ended 31 March 2023 USD'000 (Unaudited)</i>
Revenue	9	1,302,177	1,381,717
Cost of sales	10	<u>(729,708)</u>	<u>(914,284)</u>
<b>Gross profit</b>		<b>572,469</b>	<b>467,433</b>
Other income		4,154	5,193
General and administrative expenses		(51,332)	(46,117)
Selling and distribution expenses		<u>(95,941)</u>	<u>(99,510)</u>
<b>Operating profit</b>		<b>429,350</b>	<b>326,999</b>
Finance income		9,664	10,141
Finance costs		(53,469)	(53,113)
Foreign exchange loss		<u>(287)</u>	<u>(1,050)</u>
<b>Profit for the period before tax</b>		<b>385,258</b>	<b>282,977</b>
Income tax expense	11	<u>(112,553)</u>	<u>(83,696)</u>
<b>Profit for the period</b>		<b><u>272,705</u></b>	<b><u>199,281</u></b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		270,583	197,780
Non-controlling interests		<u>2,122</u>	<u>1,501</u>
		<b><u>272,705</u></b>	<b><u>199,281</u></b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Fair value gain on derivatives used in effective cash flow hedge relationship		7,554	-
Exchange differences on translation of foreign operation		<u>(1,712)</u>	<u>1,442</u>
<b>Total other comprehensive income for the period</b>		<b><u>5,842</u></b>	<b><u>1,442</u></b>
<b>Total comprehensive income for the period</b>		<b><u>278,547</u></b>	<b><u>200,723</u></b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		276,686	199,002
Non-controlling interests		<u>1,861</u>	<u>1,721</u>
		<b><u>278,547</u></b>	<b><u>200,723</u></b>
<b>Earnings per share:</b>			
Basic and diluted (USD)	13	<u>0.01</u>	<u>0.01</u>

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

Borouge PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 March 2024

	Share capital USD '000	Merger reserve USD '000	Restricted reserve USD '000	Capital reserve USD '000	Actuarial reserve USD '000	Cash flow hedge reserve USD '000	Translation reserve USD '000	Retained earnings USD '000	Equity attributable to Owners of the Company USD '000	Non-controlling interests USD '000	Total equity USD '000
Balance at 1 January 2023 (audited)	4,809,231	(4,446,467)	186,322	12,490	10,846	-	(3,982)	4,279,574	4,848,014	21,586	4,869,600
Profit for the period	-	-	-	-	-	-	-	197,780	197,780	1,501	199,281
Other comprehensive income for the period	-	-	-	-	-	-	1,222	-	1,222	220	1,442
Total comprehensive income for the period	-	-	-	-	-	-	1,222	197,780	199,002	1,721	200,723
Dividends (note 7)	-	-	-	-	-	-	-	(649,853)	(649,853)	(6,100)	(655,953)
Balance at 31 March 2023 (unaudited)	4,809,231	(4,446,467)	186,322	12,490	10,846	-	(2,760)	3,827,501	4,397,163	17,207	4,414,370
Balance at 1 January 2024 (audited)	4,809,231	(4,446,467)	186,486	12,490	17,993	(12,608)	(5,474)	3,970,831	4,532,482	13,354	4,545,836
Profit for the period	-	-	-	-	-	-	-	270,583	270,583	2,122	272,705
Other comprehensive income for the period	-	-	-	-	-	7,554	(1,451)	-	6,103	(261)	5,842
Total comprehensive income for the period	-	-	-	-	-	7,554	(1,451)	270,583	276,686	1,861	278,547
Dividends (note 7)	-	-	-	-	-	-	-	(649,852)	(649,852)	(6,100)	(655,952)
<b>Balance at 31 March 2024 (unaudited)</b>	<b>4,809,231</b>	<b>(4,446,467)</b>	<b>186,486</b>	<b>12,490</b>	<b>17,993</b>	<b>(5,054)</b>	<b>(6,925)</b>	<b>3,591,562</b>	<b>4,159,316</b>	<b>9,115</b>	<b>4,168,431</b>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the three month ended 31 March 2024

	Notes	For the three-month period ended 31 March 2024 USD'000 (Unaudited)	For the three-month period ended 31 March 2023 USD'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Profits before tax for the period		385,258	282,977
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	3	130,443	126,310
Depreciation on right-of-use assets		1,224	1,089
Amortisation of intangible assets		5,456	5,811
(Reversal of)/provision for expected credit losses		(2,148)	1,212
Provision for slow moving and obsolete inventory		(300)	1,151
(Gain)/loss on disposal of assets and modification of right-of-use assets		(1)	120
Impairment loss on property, plant and equipment		588	-
Unrealized foreign exchange loss		280	-
End of service benefits charge		4,526	2,138
Finance cost		53,469	54,007
Finance income		<u>(9,664)</u>	<u>(10,141)</u>
<b>Net cash flows from operating activities before changes in working capital</b>		<b>569,131</b>	<b>464,674</b>
<b>Changes in working capital:</b>			
Decrease in trade receivables		91,351	212,981
Increase in amounts due from related parties		(1,716)	(20,685)
Increase in inventories		(23,038)	(2,461)
Decrease in prepayments and other receivables		3,413	10,907
Increase/(decrease) in amounts due to related parties		(3,439)	(79,271)
Decrease in trade and other payables		59,492	(32,133)
Increase in other payables		3,971	44,699
Increase/(decrease) in contract liabilities		<u>4,191</u>	<u>(7,341)</u>
<b>Cash generated from operating activities</b>		<b>703,356</b>	<b>591,370</b>
End of service benefits paid		(3,482)	(727)
Tax paid		<u>(105,792)</u>	<u>(81,062)</u>
<b>Net cash generated from operating activities</b>		<b><u>594,082</u></b>	<b><u>509,581</u></b>
<b>Cash flows used in investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	116
Payments for purchase of property, plant and equipment	3	(14,368)	(82,486)
Payments for purchase of intangible assets		(765)	-
Finance income received		<u>7,640</u>	<u>8,928</u>
<b>Cash used in investing activities</b>		<b><u>(7,493)</u></b>	<b><u>(73,442)</u></b>
<b>Cash flows used in financing activities</b>			
Repayment of bank loan		(100,000)	(500,000)
Payment of dividends	7	-	(655,953)
Payment of interest on bank loan		(51,076)	(51,900)
Receipt from sub lease		328	-
Payment of lease liabilities		<u>(1,333)</u>	<u>(1,276)</u>
<b>Cash used in financing activities</b>		<b><u>(152,081)</u></b>	<b><u>(1,209,129)</u></b>
<b>Changes in the translation reserve</b>		<b>(1,016)</b>	<b>301</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>434,508</b>	<b>(772,990)</b>
Cash and cash equivalents at beginning of period		<u>353,921</u>	<u>1,143,840</u>
<b>Cash and cash equivalents at end of period</b>	<b>6</b>	<b><u>787,413</u></b>	<b><u>371,151</u></b>

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



## 1 GENERAL INFORMATION

Borouge PLC (the “Company”) was incorporated on 28 April 2022 as a public company limited by shares, with registration number 000007602, pursuant to the Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020. The Company has been established for the purpose of serving as a holding company for Abu Dhabi Polymers Co. Ltd (Borouge) – Sole Proprietorship L.L.C. and Borouge Pte. Ltd.

The Company is jointly controlled by Abu Dhabi National Oil Company (“ADNOC”) and Borealis Middle East Holding GmbH (“BMEH”, together with ADNOC, the “Shareholders”).

Details of the Company’s subsidiaries as at 31 March 2024 are as follows:

<i>Name of subsidiary</i>	<i>Ownership interest</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Abu Dhabi Polymers Co. Ltd (Borouge)- Sole Proprietorship L.L.C (“ADP”)	100%	U.A.E	Production of ethylene, propylene, polyethylene and polypropylene
Borouge Pte Ltd and its subsidiaries (“PTE”)	84.746%	Singapore	Trading of polyolefins

The Company together with its subsidiaries is referred to as the “Group”.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issuance on 29 April 2024.

## 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

### **Basis of preparation**

The interim condensed consolidated financial statements for the three month ended 31 March 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023.

### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**  
continued

**New standards, interpretations and amendments adopted by the Group continued**

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of liabilities as Current or Non-current

The amendments had no impact on the Group's interim condensed consolidated financial statements.

***Tax***

An amount of USD 104,642 thousand (period ended 31 March 2023: USD 79,881 thousand) for the period ended 31 March 2024 was paid to the Department of Finance by the Group as per the fiscal agreement with the Supreme Council for Financial and Economic Affairs in the Emirate of Abu Dhabi. As of 31 March 2024, an amount of USD 27,936 thousand (31 December 2023: USD 45,952 thousand) was payable to the Department of Finance.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2024

3 PROPERTY, PLANT AND EQUIPMENT

	Buildings USD '000	Plant and machinery USD '000	Furniture, fixtures and equipment USD '000	Motor vehicles USD '000	Capital work-in- progress USD '000	Total USD '000
<i>Cost</i>						
Balance at 1 January 2024 (audited)	720,196	12,693,872	184,005	14,093	207,842	13,820,008
Additions	-	-	15	-	14,353	14,368
Disposals	-	(71)	(89)	-	-	(160)
Write off	-	-	-	-	(2,384)	(2,384)
Transfers from capital work in progress	1,832	4,217	6,370	-	(12,419)	-
Transfers to intangibles	-	-	-	-	(3,753)	(3,753)
Exchange differences	(349)	(739)	(222)	-	(17)	(1,327)
At 31 March 2024 (unaudited)	<u>721,679</u>	<u>12,697,279</u>	<u>190,079</u>	<u>14,093</u>	<u>203,622</u>	<u>13,826,752</u>
<i>Accumulated depreciation and impairment</i>						
Balance at 1 January 2024 (audited)	346,093	6,609,624	170,177	13,375	3,384	7,142,653
Depreciation	6,613	122,095	1,686	49	-	130,443
Disposals	-	(71)	(88)	-	-	(159)
Impairment	-	129	-	-	459	588
Write off	-	-	-	-	(2,384)	(2,384)
Exchange differences	(148)	(463)	(186)	-	2	(795)
At 31 March 2024 (unaudited)	<u>352,558</u>	<u>6,731,314</u>	<u>171,589</u>	<u>13,424</u>	<u>1,461</u>	<u>7,270,346</u>
Net book value:						
At 31 March 2024 (unaudited)	<u>369,121</u>	<u>5,965,965</u>	<u>18,490</u>	<u>669</u>	<u>202,161</u>	<u>6,556,406</u>
At 31 December 2023 (audited)	<u>374,103</u>	<u>6,084,248</u>	<u>13,828</u>	<u>718</u>	<u>204,458</u>	<u>6,677,355</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

4 INVENTORIES

	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Finished goods	411,772	374,498
Spare parts	159,628	162,812
Raw materials	138,009	151,455
Goods in transit	8,381	7,407
Work in progress	<u>3,131</u>	<u>1,904</u>
	720,921	698,076
Less: allowance for slow moving and obsolete inventories	<u>(52,592)</u>	<u>(52,892)</u>
	<u><b>668,329</b></u>	<u><b>645,184</b></u>

Movement in the allowance for slow moving and obsolete inventories during the period/year was as follows:

	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Balance at 1 January	52,892	44,350
(Reversal)/charge for the period/year	<u>(300)</u>	<u>8,542</u>
At the end of the period/year	<u><b>52,592</b></u>	<u><b>52,892</b></u>

5 TRADE RECEIVABLES

	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Trade receivables	706,196	801,023
Less: provision for expected credit losses	<u>(2,193)</u>	<u>(4,341)</u>
	<u><b>704,003</b></u>	<u><b>796,682</b></u>

Trade receivables are held within a held-to-collect business model consistent with the Group's continuing recognition of these trade receivables.

Movement in the allowance for expected credit losses against trade receivables during the period was as follows:

	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Balance at 1 January	4,341	2,246
(Reversal)/charge for the period/year	<u>(2,148)</u>	<u>2,095</u>
At the end of the period/year	<u><b>2,193</b></u>	<u><b>4,341</b></u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

**6 CASH AND CASH EQUIVALENTS**

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Bank balances	95,859	310,300
Short-term deposits	691,551	43,614
Cash on hand	<u>3</u>	<u>7</u>
Cash and cash equivalents	<u>787,413</u>	<u>353,921</u>

Included in the Group's cash and cash equivalents are cash and bank balances amounting to USD 6,609 thousand (31 December 2023: USD 3,201 thousand) that are denominated in Chinese Renminbi ("RMB"). RMB is not a freely convertible currency and the remittance of funds inward and outward of the People's Republic of China ("PRC") is subject to exchange control regulations by the PRC government.

Short-term deposits are mainly denominated in US Dollar ("USD") and earn interest at 5.5% per annum (2023: 1.57%) with an original maturity of less than three months.

**7 RELATED PARTIES**

Related parties comprise the Government of Abu Dhabi and related departments and institutions (owner of the majority shareholder), associated companies, joint ventures, shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

During the period, the Group entered into the following significant transactions with related parties at prices and on terms agreed between the related parties:

**Related party transactions**

	<i>For the three-month period ended 31 March 2024 USD'000</i>	<i>For the three-month period ended 31 March 2023 USD'000</i>
<b>Shareholders</b>		
Sale of goods	108,368	174,404
Purchase of goods	(303,245)	(571,920)
Other income and expenses	(11,113)	(28,202)
<b>Other related parties</b>		
Sale of goods	12,944	2,932
Purchase of goods	(126,847)	(25,229)
Other income and expenses	(53,695)	(51,080)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

## 7 RELATED PARTIES continued

	<i>For the three-month period ended 31 March 2024 USD'000</i>	<i>For the three-month period ended 31 March 2023 USD'000</i>
<i>Compensation of key management personnel</i>		
Short-term benefits	<u>1,201</u>	<u>1,134</u>
Long-term benefits	<u>124</u>	<u>105</u>

Balances with related parties mainly comprise:

*Amounts due to related parties*

	<i>Nature</i>	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
ADNOC	Shareholder	790,771	363,615
Borealis AG	Shareholder	329,094	103,402
ADNOC Distribution	Affiliate	723	953
ADNOC Logistics	Affiliate	41,360	46,300
ADNOC Gas Facility	Affiliate	37,783	36,289
ADNOC Gas Processing	Affiliate	14	1,702
ADNOC Global Trading	Affiliate	215	-
ADNOC LNG	Affiliate	5	5
ADNOC Refining	Affiliate	10,865	3,975
ADNOC Industrial Gas	Affiliate	1,016	-
ADNOC Industrial Gas Elixier	Affiliate	-	1,139
DYM Solution Co. Ltd	Affiliate	6,542	7,458
Borealis Compounds Inc.	Affiliate	92	1,792
Borealis AG Abu Dhabi	Affiliate	<u>493</u>	<u>404</u>
		<u>1,218,973</u>	<u>567,034</u>

Amounts due to related parties are disclosed in condensed consolidated statement of financial position as follows:

Current	1,184,584	532,645
Non-current	<u>34,389</u>	<u>34,389</u>
<b>Total</b>	<u>1,218,973</u>	<u>567,034</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

## 7 RELATED PARTIES continued

*Amounts due from related parties*

	<i>Nature</i>	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
ADNOC	Shareholder	18,010	23,511
Borealis AG	Shareholder	135,371	101,668
Borouge 4	Affiliate	9,674	41,119
ADNOC Refining	Affiliate	19,689	15,110
ADNOC Offshore	Affiliate	-	44
Borealis AG Abu Dhabi	Affiliate	10	72
ADNOC Global Trading	Affiliate	<u>244</u>	<u>25</u>
		<b><u>182,998</u></b>	<b><u>181,549</u></b>
ADNOC Global Trading- Investment in sublease	Affiliate	2,562	2,780
Borouge 4- Investment in sublease	Affiliate	<u>141,016</u>	<u>139,861</u>
		<b><u>143,578</u></b>	<b><u>142,641</u></b>
		<b><u>326,576</u></b>	<b><u>324,190</u></b>

Amounts due from related parties are disclosed in condensed consolidated statement of financial position as follows:

Investment in sublease – current	4,123	4,233
Investment in sublease – non-current	139,455	138,408
Amounts due from related parties - current	<u>182,998</u>	<u>181,549</u>
<b>Total</b>	<b><u>326,576</u></b>	<b><u>324,190</u></b>

*Dividends*

On 31 January 2024, the Board of Directors endorsed an annual dividend amounting to USD 649,852 thousand (amounting to AED 2,386,585 thousand or 7.94 fils per share) which was approved in the AGM on 28 March 2024 and is due for payment in April 2024 (Period ended 31 March 2023: dividend of USD 649,853 thousand was approved and paid). Further, USD 6,100 thousand (2023: USD 6,100 thousand) dividend to non-controlling interest was declared and is due for payment in April 2024.

## 8 BANK LOANS

	<i>31 March 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Commercial term facility	2,700,000	2,800,000
Islamic facility	<u>350,000</u>	<u>350,000</u>
	<b>3,050,000</b>	<b>3,150,000</b>
Unamortised transaction costs	<u>(8,387)</u>	<u>(9,275)</u>
	<b><u>3,041,613</u></b>	<b><u>3,140,725</u></b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

**8 BANK LOANS** continued

This represents external facilities from a consortium of banks amounting to USD 4,000 million with a maturity of 5 years, comprising a commercial term facility of USD 3,650 million and an Islamic facility of USD 350 million. The commercial term facility carries an interest rate of SOFR + 0.90% margin per annum and the Islamic facility carries a profit margin amount. The repayment of the commercial term and Islamic finance facilities will be in full after 5 years. During the period, interest on this loan amounted to USD 50,889 thousand (period ended 31 March 2023: USD 51,680 thousand) and transaction costs amortised amounted to USD 888 thousand (period ended 31 March 2023: USD 316 thousand) and have been recognised in the condensed consolidated statement of profit or loss and other comprehensive income. During the period ended 31 March 2024, the Company repaid an amount of USD 100,000 thousand (year ended 31 December 2023: USD 850,000 thousand). There are no bank covenants or collateral maintained for the loans.

As at 31 March 2024, the Group has an undrawn revolving loan facility with First Abu Dhabi Bank amounting to USD 500 million (31 December 2023: USD 500 million), with the facility remaining in place for 1 further year. The loan bears an interest rate at SOFR plus margin per annum of 0.8%. Total commitment fee recognised during the period amounted to USD 566 thousand (period ended 31 March 2023: USD 250 thousand). There are no bank covenants or collateral maintained for this facility.

**9 REVENUE**

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the following major lines of business.

	<i>For the three-month period ended 31 March 2024 USD'000</i>	<i>For the three-month period ended 31 March 2023 USD'000</i>
<b><i>Sale of goods</i></b>		
Polyethylene	809,351	757,863
Polypropylene	483,333	554,966
Ethylene and others	<u>9,493</u>	<u>68,888</u>
	<b><u>1,302,177</u></b>	<b><u>1,381,717</u></b>
<b><i>Timing of revenue recognition</i></b>		
At a point in time	<b><u>1,302,177</u></b>	<b><u>1,381,717</u></b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

## 9 REVENUE continued

*Geographical information*

Revenue is based on the geographical location of end customers as follows:

	<i>For the three-month period ended 31 March 2024 USD'000</i>	<i>For the three-month period ended 31 March 2023 USD'000</i>
People's Republic of China	363,824	354,714
United Arab Emirates	182,950	220,211
India	166,627	243,392
Austria	108,368	108,502
Egypt	85,408	46,383
Pakistan	51,463	45,548
Vietnam	33,612	31,590
Saudi Arabia	24,755	35,144
Others	<u>285,170</u>	<u>296,233</u>
<b>Revenue from contracts with end customers</b>	<b><u>1,302,177</u></b>	<b><u>1,381,717</u></b>

## 10 COST OF SALES

	<i>For the three-month period ended 31 March 2024 USD'000</i>	<i>For the three-month period ended 31 March 2023 USD'000</i>
Cost of production and other related costs	667,287	829,254
Depreciation on property, plant and equipment	51,309	72,873
Royalty expenses	8,954	8,822
Amortisation of intangible assets	2,140	3,284
Depreciation on right-of-use assets	<u>18</u>	<u>51</u>
	<b><u>729,708</u></b>	<b><u>914,284</u></b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2024

11 INCOME TAX EXPENSE

	<i>For the three-month period ended 31 March 2024 USD'000</i>	<i>For the three-month period ended 31 March 2023 USD'000</i>
Income tax expense	103,744	80,825
Deferred tax charge	<u>8,809</u>	<u>2,871</u>
	<u>112,553</u>	<u>83,696</u>

Income tax expense is recognized at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Company is subject to Abu Dhabi Income Tax on its taxable income attributable to its operations in respect of Borouge 1, Borouge 2 and Borouge 3.

12 SEGMENTAL ANALYSIS

The business activities of the Group are performed on an integrated basis. Therefore, any segmentation of operating income, expenses, assets and liabilities is not relevant and is not performed for internal management reporting purposes.

For internal management purpose, the Group is organized as one business unit based on the products and services and has only one reportable segment. The Group is managed as a single business unit and the financial performance is reported in the internal reporting provided to the Chief Operating Decision-maker ("CODM"). The Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM that makes strategic decisions.

The financial information reviewed by the CODM is based on the IFRS financial information for the Group. The CODM monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment.

The CODM regularly reviews the interim condensed consolidated statement of profit or loss and other comprehensive income. The CODM function is to allocate resources to and assess the performance of the operating segments of the Group. Based on the review and assessment of the CODM, the Group has a single operating segment, which is 'Polyolefin Business'.

There are no other economic characteristics within the Group that will lead to determination of other operating segments. This analysis requires significant judgement as to the circumstances of the Group.

The Group does not have any operating segments that are aggregated. The CODM has considered the following criteria in determining the operating segments of the Group:

- the nature of products and services;
- the nature of the production processes;
- the type or class of customer for their products and services; and
- the methods used to distribute their products or provide their services;

Based on the criteria and evaluation above, the CODM has determined that the Group has only one operating segment, which is consistent with the internal reporting and performance measurement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2024

### 13 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of share outstanding during the period.

	<i>For the three-month period ended 31 March 2024 (unaudited)</i>	<i>For the three-month period ended 31 March 2023 (unaudited)</i>
Profit attributable to owners of the Company (USD '000)	<u>270,583</u>	<u>197,780</u>
Weighted average number of shares in issue	<u>30,057,691,583</u>	<u>30,057,691,583</u>
Earnings per share (USD)	<u>0.01</u>	<u>0.01</u>

There are no dilutive securities therefore diluted EPS is the same as basic EPS.

### 14 CONTINGENCIES AND CAPITAL COMMITMENTS

As at 31 March 2024, the Group had contingent liabilities amounting to USD 150 thousand (31 December 2023: USD 150 thousand) in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's interim condensed consolidated financial statements if concluded unfavorably.

At 31 March 2024, the Group has authorized and committed estimated future capital expenditure amounting to USD 33,047 thousand (31 December 2023: USD 2,342 thousand).

### 15 SEASONALITY OF RESULTS

There is no material impact of seasonality on the Group's operating results.

### 16 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management considers that the fair values of the financial instruments of the Group are not materially different from their carrying values at the reporting date.

#### Fair value hierarchy

As at 31 March 2024 and 31 December 2023, the fair value measurement hierarchy of the Group's assets and liabilities is as follows:

	<i>Level 1 USD '000</i>	<i>Level 2 USD '000</i>	<i>Level 3 USD '000</i>	<i>Total USD '000</i>
<i>Items measured at fair value</i>				
<i>At 31 March 2024</i>				
Interest rate swap – hedged	<u>-</u>	<u>5,035</u>	<u>-</u>	<u>5,035</u>
<i>At 31 December 2023</i>				
Interest rate swap – hedged	<u>-</u>	<u>12,608</u>	<u>-</u>	<u>12,608</u>

31 March 2024

**16 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES** continued

At 31 March 2024, the Group holds interest rate swap agreements for notional amount of USD 500 million (31 December 2023: USD 500 million) whereby the Group pays a fixed rate of interest of 4.65% and receives interest at a variable rate of the notional amount. The swap is being used to hedge the exposure to variability of cash flows associated with the variable interest bearing loan held by the Group. During the period ended 31 March 2023, the Group earned fair value gain on derivatives used in effective cashflow hedge relationship of USD 7,554 thousand (period ended 31 March 2023: USD nil).

The ineffectiveness recognised in the condensed consolidated statement of profit or loss was USD nil (period ended 31 March 2023: nil).