

Borouge PLC

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

30 SEPTEMBER 2024

**DIRECTORS' REPORT, REVIEW REPORT AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

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Borouge PLC

DIRECTORS' REPORT

30 SEPTEMBER 2024

BOROUGE PLC
DIRECTORS' REPORT
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 nine month period ended 30 September 2024.

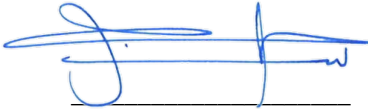
Principal activities

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 Company represent a profit for the period of USD 908.22 million (Period ended 30 September 2023: USD 712.53 million) as presented in these interim condensed consolidated financial statements.

for the **Board of Directors**



H.E. Dr. Sultan Ahmed Al Jaber

Chairman

Date : 28 October 2024
Abu Dhabi, UAE

Borouge PLC

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2024



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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 30 September 2024, comprising of the interim condensed consolidated statement of financial position as at 30 September 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine month periods then ended and the related interim condensed consolidated statement of changes in equity and cash flows for the nine 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.


For Ernst & Young

Ahmad Al Dali
Partner
28 October 2024
Abu Dhabi, United Arab Emirates


Borouge PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2024

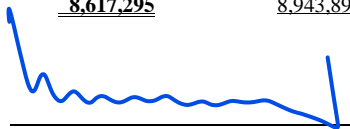
	<i>Notes</i>	<i>30 September 2024 USD '000 (Unaudited)</i>	<i>31 December 2023 USD '000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,358,479	6,677,355
Intangible assets		57,185	60,126
Right-of-use assets		23,595	27,304
Investment in sublease	7	138,862	138,408
Loans to employees		20,580	22,769
Deferred tax assets		<u>3,742</u>	<u>3,450</u>
Total non-current assets		<u>6,602,443</u>	<u>6,929,412</u>
Current assets			
Inventories	4	706,271	645,184
Amounts due from related parties	7	193,373	181,549
Trade receivables	5	862,914	796,682
Loans to employees		12,834	12,570
Investments in sublease	7	7,073	4,233
Prepayments and other receivables		25,324	20,345
Cash and cash equivalents	6	<u>207,063</u>	<u>353,921</u>
Total current assets		<u>2,014,852</u>	<u>2,014,484</u>
TOTAL ASSETS		<u>8,617,295</u>	<u>8,943,896</u>
EQUITY AND LIABILITIES			
Equity			
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		(13,990)	(12,608)
Actuarial reserve		17,740	17,993
Translation reserve		(4,100)	(5,474)
Retained earnings		<u>3,570,300</u>	<u>3,970,831</u>
Equity attributable to the owners of the Company		4,131,690	4,532,482
Non-controlling interests		<u>15,287</u>	<u>13,354</u>
Total equity		<u>4,146,977</u>	<u>4,545,836</u>
Non-current liabilities			
Provision for employees' end of service benefits		94,836	93,018
Lease liabilities		159,693	162,286
Deferred tax liability		77,403	54,507
Bank loans	8	2,943,363	3,140,725
Derivative financial instruments		13,990	12,608
Amounts due to related parties	7	<u>-</u>	<u>34,389</u>
Total non-current liabilities		<u>3,289,285</u>	<u>3,497,533</u>
Current liabilities			
Trade and other payables		333,016	308,333
Amounts due to related parties	7	565,246	532,645
Bank loans	8	200,000	-
Lease liabilities		11,612	8,327
Provisions for employees end of service benefits		1,085	1,351
Income tax payable		<u>70,074</u>	<u>49,871</u>
Total current liabilities		<u>1,181,033</u>	<u>900,527</u>
Total liabilities		<u>4,470,318</u>	<u>4,398,060</u>
TOTAL EQUITY AND LIABILITIES		<u>8,617,295</u>	<u>8,943,896</u>



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.

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

For the three and nine month periods ended 30 September 2024

	Notes	<i>For the three-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 September 2023 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2023 USD'000 (unaudited)</i>
Revenue	9	1,599,989	1,496,434	4,405,129	4,294,206
Cost of sales	10	<u>(916,030)</u>	<u>(914,962)</u>	<u>(2,519,101)</u>	<u>(2,728,326)</u>
Gross profit		683,959	581,472	1,886,028	1,565,880
Other income		5,495	3,742	16,326	13,977
General and administrative expenses		(55,891)	(41,144)	(160,723)	(135,762)
Selling and distribution expenses		(126,579)	(95,021)	(327,315)	(299,314)
Impairment loss		<u>(844)</u>	-	<u>(2,917)</u>	-
Operating profit		506,140	449,049	1,411,399	1,144,781
Finance income		7,351	7,091	23,566	21,176
Finance costs		(50,438)	(58,610)	(155,089)	(163,900)
Foreign exchange (loss) gain		<u>(1,510)</u>	<u>278</u>	<u>(2,399)</u>	<u>(1,578)</u>
Profit for the period before tax		461,543	397,808	1,277,477	1,000,479
Income tax expense	11	<u>(133,822)</u>	<u>(115,919)</u>	<u>(369,253)</u>	<u>(287,946)</u>
Profit for the period		<u>327,721</u>	<u>281,889</u>	<u>908,224</u>	<u>712,533</u>
Profit for the period attributable to:					
Owners of the Company		324,132	279,093	899,173	705,836
Non-controlling interests		<u>3,589</u>	<u>2,796</u>	<u>9,051</u>	<u>6,697</u>
		<u>327,721</u>	<u>281,889</u>	<u>908,224</u>	<u>712,533</u>
Other comprehensive loss					
<i>Items that may be not be reclassified to profit or loss</i>					
Defined benefit plan remeasurements		(299)	-	(299)	14
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operation		3,996	(165)	1,622	(3,932)
Fair value loss on derivatives in effective cash flow hedge relationship		<u>(10,527)</u>	-	<u>(1,382)</u>	-
Total other comprehensive loss for the period		<u>(6,830)</u>	<u>(165)</u>	<u>(59)</u>	<u>(3,918)</u>
Total comprehensive income for the period		<u>320,891</u>	<u>281,724</u>	<u>908,165</u>	<u>708,615</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		316,738	278,953	898,912	702,515
Non-controlling interests		<u>4,153</u>	<u>2,771</u>	<u>9,253</u>	<u>6,100</u>
		<u>320,891</u>	<u>281,724</u>	<u>908,165</u>	<u>708,615</u>
Earnings per share:					
Basic and diluted (USD)	13	<u>0.01</u>	<u>0.01</u>	<u>0.03</u>	<u>0.02</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

For the nine month period ended 30 September 2024

	<i>Share capital</i> <i>USD'000</i>	<i>Merger reserve</i> <i>USD'000</i>	<i>Restricted reserve</i> <i>USD'000</i>	<i>Capital reserve</i> <i>USD'000</i>	<i>Actuarial reserve</i> <i>USD'000</i>	<i>Cash flow hedge reserve</i> <i>USD'000</i>	<i>Translation reserve</i> <i>USD'000</i>	<i>Retained earnings</i> <i>USD'000</i>	<i>Equity attributable to Owners of the Company</i> <i>USD'000</i>	<i>Non-controlling interests</i> <i>USD'000</i>	<i>Total equity</i> <i>USD'000</i>
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	-	-	-	-	-	-	-	705,836	705,836	6,697	712,533
Other comprehensive loss for the period	-	-	-	-	11	-	(3,332)	-	(3,321)	(597)	(3,918)
Total comprehensive income for the period	-	-	-	-	11	-	(3,332)	705,836	702,515	6,100	708,615
Dividends (note 7)	-	-	-	-	-	-	-	(1,299,704)	(1,299,704)	(17,538)	(1,317,242)
Balance at 30 September 2023 (unaudited)	<u>4,809,231</u>	<u>(4,446,467)</u>	<u>186,322</u>	<u>12,490</u>	<u>10,857</u>	<u>-</u>	<u>(7,314)</u>	<u>3,685,706</u>	<u>4,250,825</u>	<u>10,148</u>	<u>4,260,973</u>
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	-	-	-	-	-	-	-	899,173	899,173	9,051	908,224
Other comprehensive (loss) income for the period	-	-	-	-	(253)	(1,382)	1,374	-	(261)	202	(59)
Total comprehensive income for the period	-	-	-	-	(253)	(1,382)	1,374	899,173	898,912	9,253	908,165
Dividends (note 7)	-	-	-	-	-	-	-	(1,299,704)	(1,299,704)	(7,320)	(1,307,024)
Balance at 30 September 2024 (unaudited)	<u>4,809,231</u>	<u>(4,446,467)</u>	<u>186,486</u>	<u>12,490</u>	<u>17,740</u>	<u>(13,990)</u>	<u>(4,100)</u>	<u>3,570,300</u>	<u>4,131,690</u>	<u>15,287</u>	<u>4,146,977</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the nine month period ended 30 September 2024

		<i>For the nine month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the nine month period ended 30 September 2023 USD'000 (unaudited)</i>
Cash flows from operating activities			
Profits before tax for the period		1,277,477	1,000,479
<i>Adjustments for:</i>			
Depreciation on property, plant, and equipment	3	391,354	401,414
Impairment of property, plant, and equipment	3	2,917	-
Depreciation on right-of-use assets		3,693	3,239
Amortization of intangible assets		17,392	21,186
(Reversal of) provision for expected credit loss on trade receivables	5	(3,172)	8,100
Provision for slow moving and obsolete inventories		4,631	251
(Gain) loss on disposal of property, plant and equipment		(13)	119
End of service benefits charge		8,864	6,944
Finance costs		155,089	163,900
Finance income		(23,566)	(21,176)
Exchange loss differences		<u>336</u>	<u>1,041</u>
Net cash flows from operating activities before changes in working capital		1,835,002	1,585,497
Changes in working capital:			
Trade receivables		(65,775)	154,817
Amounts due from related parties		(9,900)	40,856
Inventories		(65,454)	(5,924)
Prepayments and other receivables		(290)	13,838
Amounts due to related parties		(3,603)	(25,473)
Trade and other payables		<u>21,968</u>	<u>(104,560)</u>
Cash generated from operating activities		1,711,948	1,659,051
End of service benefits paid		(7,610)	(3,474)
Tax paid		<u>(326,804)</u>	<u>(249,786)</u>
Net cash generated from operating activities		<u>1,377,534</u>	<u>1,405,791</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		13	4
Payments for purchase of property, plant and equipment	3	(84,473)	(120,776)
Payments for purchase of intangible assets		(4,872)	(3,839)
Finance income received		<u>19,652</u>	<u>21,176</u>
Cash used in investing activities		<u>(69,680)</u>	<u>(103,435)</u>
Cash flows from financing activities			
Repayment of bank loan	8	(200,000)	(700,000)
Receipt from revolving credit facility	8	200,000	-
Payment of dividends	7	(1,305,804)	(1,311,904)
Payment of interest on bank loan		(147,794)	(154,163)
Receipt from lease receivable		673	-
Payment of lease liabilities		<u>(3,981)</u>	<u>(4,047)</u>
Cash used in financing activities		<u>(1,456,906)</u>	<u>(2,170,114)</u>
Changes in the translation reserve		2,194	(1,912)
Net decrease in cash and cash equivalents		(146,858)	(869,670)
Cash and cash equivalents at beginning of period		<u>353,921</u>	<u>1,143,840</u>
Cash and cash equivalents at end of period	6	<u>207,063</u>	<u>274,170</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

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 30 September 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 authorized for issuance on 28 October 2024.

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

Basis of preparation

The interim condensed consolidated financial statements for the nine month ended 30 September 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

30 September 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 320,678 thousand (period ended 30 September 2023: USD 242,978 thousand) for the period ended 30 September 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 30 September 2024, an amount of USD 47,607 thousand (31 December 2023: USD 45,952 thousand) was payable to the Department of Finance.

Borouge PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

3 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings</i> <i>USD '000</i>	<i>Plant and</i> <i>machinery</i> <i>USD '000</i>	<i>Furniture,</i> <i>fixtures and</i> <i>equipment</i> <i>USD '000</i>	<i>Motor</i> <i>vehicles</i> <i>USD '000</i>	<i>Capital</i> <i>work-in-</i> <i>progress</i> <i>USD '000</i>	<i>Total</i> <i>USD '000</i>
2024						
<i>Cost</i>						
Balance at 1 January 2024 (audited)	720,196	12,693,872	184,005	14,093	207,842	13,820,008
Additions	-	88	44	-	84,341	84,473
Disposals	(5,062)	(12,498)	(3,321)	-	-	(20,881)
Transfers from capital work in progress	2,846	36,835	12,716	-	(52,397)	-
Transfers to intangibles	-	-	-	-	(9,575)	(9,575)
Write off	-	-	-	-	(3,844)	(3,844)
Exchange differences	<u>368</u>	<u>864</u>	<u>279</u>	<u>-</u>	<u>(12)</u>	<u>1,499</u>
At 30 September 2024 (unaudited)	<u>718,348</u>	<u>12,719,161</u>	<u>193,723</u>	<u>14,093</u>	<u>226,355</u>	<u>13,871,680</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	19,818	366,048	5,342	146	-	391,354
Disposals	(5,062)	(12,498)	(3,321)	-	-	(20,881)
Write off	-	-	-	-	(3,844)	(3,844)
Impairment charge, net	(370)	543	-	-	2,744	2,917
Exchange differences	<u>170</u>	<u>588</u>	<u>246</u>	<u>-</u>	<u>(2)</u>	<u>1,002</u>
At 30 September 2024 (unaudited)	<u>360,649</u>	<u>6,964,305</u>	<u>172,444</u>	<u>13,521</u>	<u>2,282</u>	<u>7,513,201</u>
Net book value:						
At 30 September 2024 (unaudited)	<u>357,699</u>	<u>5,754,856</u>	<u>21,279</u>	<u>572</u>	<u>224,073</u>	<u>6,358,479</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
30 September 2024

4 INVENTORIES

	<i>30 September 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Finished goods	440,795	374,498
Spare parts	169,445	162,812
Raw materials	143,576	151,455
Goods in transit	9,860	7,407
Work in progress	<u>118</u>	<u>1,904</u>
	763,794	698,076
Less: allowance for slow moving and obsolete inventories	<u>(57,523)</u>	<u>(52,892)</u>
	<u>706,271</u>	<u>645,184</u>

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

	<i>30 September 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Balance at 1 January	52,892	44,350
Charge for the period / year	<u>4,631</u>	<u>8,542</u>
At the end of the period / year	<u>57,523</u>	<u>52,892</u>

5 TRADE RECEIVABLES

	<i>30 September 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Trade receivables	864,083	801,023
Less: provision for expected credit losses	<u>(1,169)</u>	<u>(4,341)</u>
	<u>862,914</u>	<u>796,682</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

5 TRADE RECEIVABLES continued

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

	<i>30 September 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>(3,172)</u>	<u>2,095</u>
At the end of the period / year	<u>1,169</u>	<u>4,341</u>

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>30 September 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Bank balances	88,876	310,300
Short-term deposits	118,174	43,614
Cash on hand	<u>13</u>	<u>7</u>
Cash and cash equivalents	<u>207,063</u>	<u>353,921</u>

Included in the Group's cash and cash equivalents are cash and bank balances amounting to USD 6,085 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 5.33% per annum (2023: 1.58%) 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.

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30 September 2024

7 RELATED PARTIES continued

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 30 September 2024 USD '000 (unaudited)</i>	<i>For the three-month period ended 30 September 2023 USD '000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2024 USD '000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2023 USD '000 (unaudited)</i>
Shareholders				
Sale of goods	117,629	109,622	331,607	376,336
Purchase of goods	(480,704)	(393,908)	(1,209,600)	(1,411,685)
Other income and expenses	(32,253)	(47,785)	(69,793)	(98,622)
Other related parties				
Sale of goods	15,347	11,801	43,431	28,452
Purchase of goods	(132,335)	(116,665)	(391,098)	(323,423)
Other income and expenses	(85,416)	(57,225)	(146,044)	(138,618)
Compensation of key management personnel				
Short-term benefits	<u>1,227</u>	<u>1,293</u>	<u>4,993</u>	<u>3,506</u>
Long-term benefits	<u>127</u>	<u>128</u>	<u>384</u>	<u>338</u>

Balances with related parties mainly comprise:

Amounts due to related parties

	<i>Nature</i>	<i>30 September 2024 USD '000 (unaudited)</i>	<i>31 December 2023 USD '000 (audited)</i>
ADNOC	Shareholder	317,893	363,615
Borealis AG	Shareholder	123,674	103,402
ADNOC Distribution	Affiliate	648	953
ADNOC Logistics	Affiliate	56,845	46,300
ADNOC Gas Facility	Affiliate	38,644	36,289
ADNOC Gas Processing	Affiliate	-	1,702
ADNOC Global Trading	Affiliate	74	-
ADNOC LNG	Affiliate	-	5
ADNOC Refining	Affiliate	15,344	3,975
ADNOC Industrial Gas	Affiliate	-	-
ADNOC Industrial Gas Elixier	Affiliate	468	1,139
DYM Solution Co. Ltd	Affiliate	9,917	7,458
Borealis Compounds Inc.	Affiliate	75	1,792
Borealis AG Abu Dhabi	Affiliate	440	404
OMV Supply and Trading Singapore	Affiliate	4	-
Borealis Middle East Holding	Affiliate	<u>1,220</u>	<u>-</u>
		<u>565,246</u>	<u>567,034</u>

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

Current	565,246	532,645
Non-current	<u>-</u>	<u>34,389</u>
Total	<u>565,246</u>	<u>567,034</u>

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7 RELATED PARTIES continued

Amounts due from related parties

	<i>Nature</i>	<i>30 September 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
ADNOC	Shareholder	30,626	23,511
Borealis AG	Shareholder	126,731	101,668
Borouge 4	Affiliate	28,705	41,119
ADNOC Refining	Affiliate	7,174	15,110
ADNOC Offshore	Affiliate	-	44
ADNOC Gas	Affiliate	44	-
Borealis AG Abu Dhabi	Affiliate	-	72
ADNOC Global Trading	Affiliate	<u>93</u>	<u>25</u>
		<u>193,373</u>	<u>181,549</u>
ADNOC Global Trading- Investment in sublease	Affiliate	2,353	2,780
Borouge 4- Investment in sublease	Affiliate	<u>143,582</u>	<u>139,861</u>
		<u>145,935</u>	<u>142,641</u>
		<u>339,308</u>	<u>324,190</u>

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

Investment in sublease – current	7,073	4,233
Investment in sublease – non-current	138,862	138,408
Amounts due from related parties - current	<u>193,373</u>	<u>181,549</u>
Total	<u>339,308</u>	<u>324,190</u>

Dividends

Dividend paid during the period comprises of an amount of USD 649,852 thousand for annual dividend for the year 2023 and USD 649,852 thousand in respect of interim dividend for 2024 (period ended 30 September 2023: dividend for year 2022 of USD 649,853 thousand and an interim dividend for year 2023 of USD 649,851 thousand).

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 29 March 2024 and paid in April 2024 (period ended 30 September 2023: annual dividend of USD 649,853 thousand was approved and paid).

On 30 August 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 30 August 2024 and paid in September 2024 (period ended 30 September 2023: dividend of USD 649,851 thousand was approved and paid).

Further, USD 7,320 thousand relates to dividend for non- controlling interest, out of which an amount of USD 6,100 thousand was paid during the period ended 30 September 2024 (period ended 30 September 2023: USD 17,538 thousand dividend relates to non-controlling interest, out of which an amount of USD 12,200 was paid during the period ended 30 September 2023)

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8 BANK LOANS

	<i>30 September 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Commercial term facility*	2,600,000	2,800,000
Islamic facility*	350,000	350,000
Revolving credit facility**	<u>200,000</u>	<u>-</u>
	3,150,000	3,150,000
Unamortised transaction costs	<u>(6,637)</u>	<u>(9,275)</u>
	<u>3,143,363</u>	<u>3,140,725</u>

Bank loans are classified in the consolidated statement of financial position as follows:

	<i>30 September 2024 USD'000 (unaudited)</i>	<i>31 December 2023 USD'000 (audited)</i>
Bank loans – current	200,000	-
Bank loans – non-current	<u>2,943,363</u>	<u>3,140,725</u>
Total	<u>3,143,363</u>	<u>3,140,725</u>

*This represents external facilities from an international 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 Term SOFR + 0.90% margin + Credit Adjustment Spread 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 148,196 thousand (period ended 30 September 2023: USD 152,515 thousand) and transaction costs amortized amounted to USD 2,638 thousand (period ended 30 September 2023: USD 5,363 thousand) and have been recognized in the condensed consolidated statement of profit or loss and other comprehensive income. During the period ended 30 September 2024, the Company repaid an amount of USD 200,000 thousand (year ended 31 December 2023: USD 850,000 thousand). There are no financial covenants or collateral maintained for the loans.

**As at 30 September 2024, the Group has drawn USD 200 million (30 September 2023: USD nil) from its syndicated revolving credit facility (RCF) with First Abu Dhabi Bank as facility agent. The loan bears an interest rate at Term SOFR plus margin per annum of 0.8% +Credit Adjustment Spread. Revolving credit facility is maturing in December 2024. There are no financial covenants or collateral maintained for this facility. As at 30 September 2024, the Group has an undrawn syndicated revolving facility of USD 300 million (31 December 2023: USD 500 million) with the facility remaining in place for less than one year. Total commitment fee recognized during the nine-month period ended 30 September 2024 amounted to USD 769 thousand (period ended 30 September 2023: USD 675 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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 30 September 2024 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 September 2023 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2023 USD'000 (unaudited)</i>
Sale of goods				
Polyethylene	925,877	840,271	2,617,428	2,417,095
Polypropylene	659,015	636,668	1,753,354	1,783,191
Ethylene and others	<u>15,097</u>	<u>19,495</u>	<u>34,347</u>	<u>93,920</u>
	<u>1,599,989</u>	<u>1,496,434</u>	<u>4,405,129</u>	<u>4,294,206</u>
Timing of revenue recognition				
At a point in time	<u>1,599,989</u>	<u>1,496,434</u>	<u>4,405,129</u>	<u>4,294,206</u>

Geographical information

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

	<i>For the three-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 September 2023 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2023 USD'000 (unaudited)</i>
People's Republic of China	487,059	457,654	1,305,514	1,252,730
India	219,520	235,529	635,177	700,072
United Arab Emirates	173,091	187,821	511,896	570,328
Austria	117,629	97,258	331,607	297,709
Egypt	111,060	65,936	284,531	167,054
Pakistan	60,001	85,977	172,289	190,308
Vietnam	33,315	26,905	103,800	90,984
Saudi Arabia	35,618	36,290	85,404	103,392
Others	<u>362,696</u>	<u>303,064</u>	<u>974,911</u>	<u>921,629</u>
Revenue from contracts with end customers	<u>1,599,989</u>	<u>1,496,434</u>	<u>4,405,129</u>	<u>4,294,206</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10 COST OF SALES

	<i>For the three-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 September 2023 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2023 USD'000 (unaudited)</i>
Cost of production and other related costs	765,037	760,130	2,160,286	2,346,487
Depreciation on property, plant and equipment	133,025	137,010	313,736	333,670
Royalty expenses	11,634	11,716	31,037	30,673
Amortisation of intangible assets	6,281	6,065	13,914	17,384
Depreciation on right-of-use assets	<u>53</u>	<u>41</u>	<u>128</u>	<u>112</u>
	<u>916,030</u>	<u>914,962</u>	<u>2,519,101</u>	<u>2,728,326</u>

11 INCOME TAX EXPENSE

	<i>For the three-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 September 2023 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2023 USD'000 (unaudited)</i>
Income tax expense	126,530	109,693	346,604	275,854
Deferred tax charge	<u>7,292</u>	<u>6,226</u>	<u>22,649</u>	<u>12,092</u>
	<u>133,822</u>	<u>115,919</u>	<u>369,253</u>	<u>287,946</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 consolidated financial statements may differ from management's estimate of the effective tax rate for the annual consolidated 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

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

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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 30 September 2024 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 September 2023 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2024 USD'000 (unaudited)</i>	<i>For the nine-month period ended 30 September 2023 USD'000 (unaudited)</i>
Profit attributable to owners of the Company (USD '000)	<u>324,132</u>	<u>279,093</u>	<u>899,173</u>	<u>705,836</u>
Weighted average number of shares in issue (000)	<u>30,057,691</u>	<u>30,057,691</u>	<u>30,057,691</u>	<u>30,057,691</u>
Earnings per share (USD)	<u>0.01</u>	<u>0.01</u>	<u>0.03</u>	<u>0.02</u>

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

14 CONTINGENCIES AND CAPITAL COMMITMENTS

As at 30 September 2024, the Group had contingent liabilities amounting to USD 191 thousand (31 December 2023: 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 30 September 2024, the Group has authorized and committed estimated future capital expenditure amounting to USD 7,377 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.

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

	<i>Level 1</i> <i>USD'000</i>	<i>Level 2</i> <i>USD'000</i>	<i>Level 3</i> <i>USD'000</i>	<i>Total</i> <i>USD'000</i>
<i>Items measured at fair value</i>				
<i>At 30 September 2024</i>				
Interest rate swap – hedged	<u>-</u>	<u>13,990</u>	<u>-</u>	<u>13,990</u>
<i>At 31 December 2023</i>				
Interest rate swap – hedged	<u>-</u>	<u>12,608</u>	<u>-</u>	<u>12,608</u>

At 30 September 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 30 September 2024, the Group made a fair value loss on derivatives used in effective cashflow hedge relationship of USD 1,382 thousand (period ended 30 September 2023: USD nil).

The ineffectiveness recognised in the condensed consolidated statement of profit or loss was USD nil (period ended 30 September 2023: USD nil)