

**Crowe Solutions For Professional Consulting**  
Member Crowe Global

**ALUJAIN CORPORATION**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024**

**ALUJAIN CORPORATION**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS  
ALUJAIN CORPORATION  
(A Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of **ALUJAIN CORPORATION (A Saudi Joint Stock Company)** (the "Company") and its subsidiaries (the "Group"), as at September 30, 2024, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine month periods ended September 30, 2024, and the interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the nine months period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Emphasis of Matter**

We draw attention to note (19) to the accompanying interim condensed consolidated financial statements, which discloses material restatements made to the nine months period ended September 30, 2023 and its opening balance as at January 01, 2023. These restatements arose due to the valuation of goodwill and customer relationships. Our conclusion is not qualified in respect to this matter.



27 Rabi' al-Thani 1446 (October 30, 2024)  
Jeddah, Kingdom of Saudi Arabia

**Crowe Solutions for Professional Consulting**

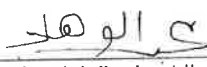


**Abdullah M. AlAzem  
License No. 335**

**ALUJAIN CORPORATION**  
(A Saudi Joint Stock Company)  
**Interim condensed consolidated statement of financial position**  
As of September 30, 2024 (Unaudited)  
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,700,894	1,805,618
Right of use assets		12,840	13,732
Goodwill and intangible assets	6	1,391,232	1,434,352
Investment in a joint venture	7	99,454	83,930
Projects under construction		518,095	177,454
Investment in financial assets	8	1,969	1,969
Prepayments and other assets - non-current portion		-	4,447
<b>Total non-current assets</b>		<b>3,724,484</b>	<b>3,521,502</b>
<b>Current assets</b>			
Trade and other receivables, net		429,297	315,608
Prepayments and other assets - current portion		57,348	85,871
Inventories		373,155	345,159
Cash and cash equivalents		950,598	353,274
<b>Total current assets</b>		<b>1,810,398</b>	<b>1,099,912</b>
<b>Total assets</b>		<b>5,534,882</b>	<b>4,621,414</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	692,000	692,000
Statutory reserve		288,075	288,075
Retained earnings		2,628,184	2,176,613
Reserve for acquisition of additional shares in a subsidiary	11	-	(124,547)
<b>Equity attributable to the shareholders of Alujain Corporation (Parent Company)</b>		<b>3,608,259</b>	<b>3,032,141</b>
Non-controlling interests		1,351,988	34,423
<b>Total equity</b>		<b>4,960,247</b>	<b>3,066,564</b>
<b>Non-current liabilities</b>			
Long term loans - non-current portion		-	1,067,603
Lease liabilities - non-current portion		14,372	15,173
Decommissioning provision		14,749	14,236
Accrued and other liabilities - non-current portion		-	27,523
Employees' defined benefits liabilities		79,642	74,241
<b>Total non-current liabilities</b>		<b>108,763</b>	<b>1,198,776</b>
<b>Current liabilities</b>			
Long term loans - current portion		21,520	20,293
Trade and other payables		114,056	84,413
Lease liabilities - current portion		736	735
Accrued and other liabilities - current portion		309,967	193,793
Zakat payable	10	19,593	56,840
<b>Total current liabilities</b>		<b>465,872</b>	<b>356,074</b>
<b>Total liabilities</b>		<b>574,635</b>	<b>1,554,850</b>
<b>Total equity and liabilities</b>		<b>5,534,882</b>	<b>4,621,414</b>

  
Khalid Bin Mohanmed Aldawood  
CEO

  
Abdulwahab Bin Abdulkarim Albetari  
Designated Member

  
Saleem Alshar  
CFO

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements


**ALUJAIN CORPORATION**

(A Saudi Joint Stock Company)

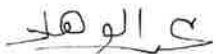
**Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**
**For the three month and nine month periods ended September 30, 2024 (Unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)


	Note	For the three-months ended September 30,		For the nine-months ended September 30,	
		2024 (Unaudited)	2023 (Restated) (Unaudited)	2024 (Unaudited)	2023 (Restated) (Unaudited)
Revenues		338,230	422,438	1,197,190	1,221,368
Cost of revenues		(279,101)	(334,895)	(986,208)	(1,011,309)
<b>Gross profit</b>		<b>59,129</b>	<b>87,543</b>	<b>210,982</b>	<b>210,059</b>
Selling and marketing expenses		(21,375)	(19,311)	(61,556)	(56,945)
General and administration expenses		(18,288)	(17,593)	(54,419)	(53,261)
Other income / (expense)		3,128	(7,391)	4,179	(6,082)
<b>Profit from operations</b>		<b>22,594</b>	<b>43,248</b>	<b>99,186</b>	<b>93,771</b>
Financing cost		(1,110)	(17,518)	(36,986)	(46,064)
Financing income		13,390	2,189	21,748	5,042
Gain on disposal of a subsidiary	13	-	4,245	-	4,245
Amortization on customer relationship	6.2	(13,687)	(13,687)	(41,062)	(41,062)
Share of result of a joint venture	7	4,587	4,286	15,497	12,035
Fair value gain on re-measurement of equity investment FVTPL		-	4	-	9
<b>Profit before Zakat</b>		<b>25,774</b>	<b>22,767</b>	<b>58,383</b>	<b>27,976</b>
Zakat expense for the period	10	(5,310)	(8,005)	(14,373)	(18,488)
Reversal of prior years' zakat provision	10	30,096	-	30,096	-
<b>Net profit for the period</b>		<b>50,560</b>	<b>14,762</b>	<b>74,106</b>	<b>9,488</b>
Re-measurement loss on equity investment designated as FVTOCI		-	(5)	-	(7)
<b>Total comprehensive income for the period</b>		<b>50,560</b>	<b>14,757</b>	<b>74,106</b>	<b>9,481</b>
<b>Net profit / (loss) for the period attributable to:</b>					
Shareholders of the Parent Company		45,810	2,252	66,068	(15,490)
Non-controlling interests		4,750	12,510	8,038	24,978
		<b>50,560</b>	<b>14,762</b>	<b>74,106</b>	<b>9,488</b>
<b>Total comprehensive income / (loss) for the period attributable to:</b>					
Equity holders of the Parent Company		45,810	2,249	66,068	(15,495)
Non-controlling interests		4,750	12,508	8,038	24,976
		<b>50,560</b>	<b>14,757</b>	<b>74,106</b>	<b>9,481</b>
<b>Earnings / (losses) per share attributable to equity holders of the parent Company (SR/share):</b>					
Basic	12	0.66	0.05	0.95	(0.31)
Diluted	12	0.66	0.03	0.95	(0.22)



Khalid Bin Mohammed Aldawood  
CEO



Abdulwahab Bin Abdulkarim Albetari  
Designated Member



Saleem Akhtar  
CFO

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements.

**ALUJAIN CORPORATION**

(A Saudi Joint Stock Company)

**Interim condensed consolidated statement of changes in equity**

**For the nine months period ended September 30, 2024 (Unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

Note	Attributable to the shareholders of the parent Company							Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings	Reserve for acquisition of additional shares in a subsidiary	Other reserves	Treasury shares	Total		
As at December 31, 2023 (audited)	692,000	288,075	2,176,613	(124,547)	-	-	3,032,141	34,423	3,066,564
Purchasing additional shares in a subsidiary	-	-	-	(24,827)	-	-	(24,827)	(34,928)	(59,755)
Transfer of reserve for acquisition to retained earnings	11	-	(149,374)	149,374	-	-	-	-	-
Divest of shares in a subsidiary	1	-	534,877	-	-	-	534,877	1,344,455	1,879,332
Net profit for the period	-	-	66,068	-	-	-	66,068	8,038	74,106
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	66,068	-	-	-	66,068	8,038	74,106
<b>As at September 30, 2024 (unaudited)</b>	<b>692,000</b>	<b>288,075</b>	<b>2,628,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,608,259</b>	<b>1,351,988</b>	<b>4,960,247</b>
As at December 31, 2022 (audited) (Before restatement)	692,000	288,075	2,315,886	(25,752)	5,197	(631,980)	2,643,426	799,597	3,443,023
Adjustments	19	-	(62,250)	-	-	-	(62,250)	-	(62,250)
As at December 31, 2022 (Restated) (audited)	692,000	288,075	2,253,636	(25,752)	5,197	(631,980)	2,581,176	799,597	3,380,773
Net loss for the period	-	-	(15,490)	-	-	-	(15,490)	24,978	9,488
Other comprehensive income for the period	-	-	-	-	(5)	-	(5)	(2)	(7)
Total comprehensive loss for the period	-	-	(15,490)	-	(5)	-	(15,495)	24,976	9,481
Disposal of a subsidiary	-	-	-	-	-	-	-	(144)	(144)
Dividends	16	-	-	-	-	-	-	(37,882)	(37,882)
As at September 30, 2023 (Restated) (unaudited)	692,000	288,075	2,238,146	(25,752)	5,192	(631,980)	2,565,681	786,547	3,352,228

Khalid Bin Mohammed Aldawood  
CFO

Abdulwahab Bin Abdulkarim Albetari  
Designated Member

Saleem Akhtar  
CFO

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements

**ALUJAIN CORPORATION**

(A Saudi Joint Stock Company)

**Interim condensed consolidated statement of cash flows****For the nine months period ended September 30, 2024 (Unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	September 30, 2024 (Unaudited)	September 30, 2023 (Restated) (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before Zakat	58,383	27,976
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	138,505	142,316
Depreciation of right of use assets	892	901
Amortization of customer relationships	41,062	41,062
Amortization of intangible assets	2,058	2,065
Employees' defined benefit charged	8,895	8,321
Share of result of a joint venture	(15,497)	(12,035)
Decommissioning provision included in finance cost	513	498
Finance cost	36,473	46,064
Finance income	(21,748)	(5,042)
Property, plant and equipment written off	-	8,278
Gain on disposal of a subsidiary	-	(4,245)
Gain on disposal of property, plant and equipment	-	(91)
Fair value on re-measurement of equity investment FVTPL	-	(9)
<u>Working capital adjustments:</u>		
Inventories	(27,996)	27,531
Trade and others receivables	(113,716)	(14,047)
Prepayments and other assets	35,913	6,222
Trade and other payables	29,643	(3,135)
Accrued expenses and other liabilities	115,563	13,756
<b>Cash flows provided from operations</b>	<b>288,943</b>	<b>286,386</b>
Finance cost paid	(62,881)	(52,863)
Employees' defined benefits paid	(3,494)	(3,447)
Zakat paid	(21,524)	(25,004)
<b>Net cash flows provided from operating activities</b>	<b>201,044</b>	<b>205,072</b>
<b>Cash flows from investing activities</b>		
Purchasing additional shares in a subsidiary	(59,755)	-
Proceeds from the sale of shares in a subsidiary	1,879,332	-
Addition to property, plant and equipment	(8,706)	(12,005)
Addition to project under construction	(365,716)	(84,139)
Finance income received	18,805	5,042
<b>Net cash flows provided from / (used in) investing activities</b>	<b>1,463,960</b>	<b>(91,102)</b>
<b>Cash flows from financing activities</b>		
Long term loan, net	(1,066,376)	(9,204)
Lease liabilities paid	(1,304)	(1,083)
Dividend paid to non-controlling interests	-	(37,882)
<b>Net cash flows used in financing activities</b>	<b>(1,067,680)</b>	<b>(48,169)</b>
<b>Net change in cash and cash equivalents</b>	<b>597,324</b>	<b>65,801</b>
Cash and cash equivalents at the beginning of the period	353,274	295,172
<b>Cash and cash equivalents at the end of the period</b>	<b>950,598</b>	<b>360,973</b>
<b>Major non-cash transactions</b>		
Transfer of reserve for acquisition of additional shares in a subsidiary	149,374	-
Transfer from projects under construction to property, plant and equipment	25,075	8,055

Khalid Bin Mohammed Aldawood  
CEOAbdulwahab Bin Abdulkarim Albetari  
Designated MemberSaleem Akhtar  
CFO

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements



## ALUJAIN CORPORATION

(A Saudi Joint Stock Company)

### Notes to the interim condensed consolidated financial statements

For the three month and nine month periods ended September 30, 2024 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

#### 1- GENERAL INFORMATION

ALUJAIN CORPORATION (“the Company” or “the Parent Company”) is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia under Ministerial Decision No. 694, dated 15 Jamaad Thani 1412H, corresponding to December 23, 1991. The Company obtained its Commercial Registration No. 4030084538 on Rajab 3, 1412H, corresponding to January 7, 1992. The Commercial Register was deleted and replaced with the new Commercial Register No. 1010614417 issued on 8 Jumada Al-Awal 1439H corresponding to January 25, 2018. The Parent Company is listed on the Saudi Stock Exchange.

On May 18, 2022, the Extraordinary General Assembly agreed to amend Article Two of the Articles of Association related to the Company’s name to become Alujain Corporation (Alujain), in addition to the amendment of Article Three of the Articles of Association related to the company’s purposes.

The main activities of the Company and its subsidiaries (the “Group”) are the production and sale of propylene, polypropylene and its derivatives, establishment, operation and investment in industrial projects, including projects related to the petrochemical and chemical industries, basic and transformational industries, plastic industries (plastics), industries related to renewable energy and other vital industries inside and outside the Kingdom of Saudi Arabia.

The head office of the Parent Company is located in Riyadh. The interim condensed consolidated financial statement includes the financial statement of the group and its branch in Dammam with commercial registration number 2050168860 issued on March 8, 2023, the group operates through main head office and its branch.

Details of direct subsidiaries are as follow:

Subsidiaries	Country of incorporation	Principal activities	Effective ownership	
			2024	2023
National Petrochemical Industrial Company (Closed Joint Stock Company) (“NATPET”) (1)	Saudi Arabia	Produce polypropylene	65%	98.64%
Alujain National Industrial Company (A One Person Company - A Limited Liability Company) (“LNIC”) (2)	Saudi Arabia	Produce polypropylene	100%	100%
Infrastructure Reinforcement Industrial Company (“IRIC”) (3)	Saudi Arabia	Manufacturing, distribution and sale of geo-synthetic products	100%	-
Zain Industries Company (Closed Joint Stock Company) (“Zain”) (4)	Saudi Arabia	Engaged in the business of homecare products, insecticides and agricultural pesticides	-	-

- 1) On January 16, 2024, the Group entered into an agreement to sell a 35% stake, equivalent to 37,450,000 shares, in its subsidiary NATPET to Basell International Holdings B.V. In May 30, 2024, the Group completed the transaction, selling the 35% stake in NATPET for SR 1,879 million. Prior to this transaction, the Group held a 100% ownership stake in NATPET.
- 2) Alujain National Industrial Company (A One Person Company - A Limited Liability Company) that was established on 10 Jumada Al-Akhirah 1444H (corresponding to January 3, 2023), and it is wholly owned by the Company, and still did not start its operations yet.
- 3) On April 30, 2024, the ownership of IRIC was transferred from the ownership of NATPET to Alujain by 100% as a restructuring.
- 4) As of July 31, 2023, the Group signed an agreement to sell its entire shares in Zain to a third party. The Group owned a 98.75% stake in Zain. The Group has recorded the assets disposed and the liabilities assumed at their carrying amounts as of July 31, 2023. The legal formalities of transfer the ownership from the Group to new shareholders have been finalized during September 2023.



**ALUJAIN CORPORATION**

(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements****For the three month and nine month periods ended September 30, 2024 (Unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

**1- GENERAL INFORMATION (Continued)**

Following is the indirect subsidiary of the Group (100% owned by NATPET):

Subsidiaries	Country of incorporation	Principal activities	Effective ownership	
			2024	2023
Infrastructure Reinforcement Industrial Company ("IRIC")	Saudi Arabia	Manufacturing, distribution and sale of geo-synthetic products	-	100%
Fawasel Advanced Chemicals Company (A Limited Liability Company) ("Fawasel") *	Saudi Arabia	Wholesale of chemicals	-	100%
Abraj Altaj Plastic Company (A Limited Liability Company) ("Abraj") *	Saudi Arabia	Manufacturing of organic chemicals including styrene except nitrogenous fertilizers	-	100%
Afaq Professional Chemicals Company (A Limited Liability Company) ("Afaq") *	Saudi Arabia	Wholesale of basic plastic, rubber and synthetic fiber	-	100%
Mina Company (A Single Person Company) ("Mina") *	Saudi Arabia	Wholesale of basic plastic, rubber and synthetic fiber	-	100%

\* During the period ended September 30, 2024, NATPET has completed all legal formalities for the liquidation of its subsidiaries on May 16, 2024.

**2- BASIS OF PREPARATION****2-1 Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") and other standards and pronouncements, as endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") in the Kingdom of Saudi Arabia ("KSA").

These 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 annual audited financial statements for the year ended December 31, 2023.

**2-2 Basis of measurement**

These interim consolidated financial statements have been prepared on a historical cost basis, except for the items which are measured at fair value, present value, net realizable value and replacement cost in line with the accrual basis of accounting and going concern.

In addition, results for the period ended September 30, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

**2-3 Functional and presentation currency**

The interim condensed consolidated financial statements are presented in Saudi Riyals which is also the Group's functional currency and all values are rounded to the nearest thousand Saudi Riyals, except when otherwise indicated.

## **ALUJAIN CORPORATION**

(A Saudi Joint Stock Company)

### **Notes to the interim condensed consolidated financial statements**

**For the three month and nine month periods ended September 30, 2024 (Unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

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## **2-BASIS OF PREPARATION (CONTINUED)**

### **2-4 Income and cash flow statements**

The Group has elected to present interim condensed consolidated statements of profit or loss and interim condensed consolidated statement of comprehensive income separately and presents its expenses by function.

The Group reports interim condensed consolidated cash flows from operating activities using the indirect method.

### **2-5 Basis for consolidation**

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

Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee):

- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its return.

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

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

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

Income and each component of other comprehensive income are attributed to the equity holders of the part of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the information of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in interim condensed consolidated statement of profit or loss. Any investment retained is recognised at fair value.

### **2-6 Using judgments and estimates**

In preparing these interim condensed consolidated 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.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statement.

## **3- MATERIAL ACCOUNTING POLICIES**

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 December 31, 2023.

## **4- NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS**

There are new standards and number of amendments to standards which are effective from 1 January 2024 and have been explained in the Group's annual Consolidated Financial Statements.

**ALUJAIN CORPORATION**

(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements****For the three month and nine month periods ended September 30, 2024 (Unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

**5- PROPERTY, PLANT AND EQUIPMENT**

The movement of property, plant and equipment during period / year is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at January 1,	1,805,618	1,993,890
Additions	8,706	4,121
Depreciation	(138,505)	(190,219)
Write-off	-	(8,278)
Disposal of a subsidiary	-	(9,314)
Transferred from projects under construction	25,075	15,418
<b>Ending balance for the period / year</b>	<b>1,700,894</b>	<b>1,805,618</b>

**6- GOODWILL AND INTANGIBLE ASSETS**

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Goodwill (note 6.1)	1,204,929	1,204,929
Customer relationships (note 6.2)	170,438	211,500
Intangible assets (note 6.3)	15,865	17,923
	<b>1,391,232</b>	<b>1,434,352</b>

**6.1 Goodwill**

On November 11, 2021, Alujain Corporation has gained control over NATPET as a result of minority rights lapse after amendments to NATPET's By-Laws. Consequently, NATPET became a subsidiary of Alujain Corporation on that date.

The acquisition as mentioned came as a result of changes in the Company's by-law of NATPET, where the acquisition took place without a transfer in exchange for a consideration and without an increase in the ownership of Alujain Corporation in the subsidiary NATPET.

Alujain has fulfilled all the requirements for controlling NATPET in accordance with the IFRSs, which was previously announced in the Saudi Stock Exchange (Tadawul) on January 30, 2022. At the date of obtaining the control, the Group included NATPET's financial statements within its consolidated financial statements. At the acquisition date, the Company appointed an independent accredited valuator to evaluate NATPET, and as a result of the evaluation, a goodwill amounting to SR1,205 million was recognized.

The evaluation of NATPET also resulted in a profit against the shares owned in NATPET previously to the date of control of 74.98% an amount of SR 1,352 million.

The Group's management conducted an assessment of goodwill as of December 31, 2023, and the evaluation did not result in any impairment losses in the value of the recognized goodwill.

**6.2 Customer relationships**

The customer relationships were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight-line method based on the timing of projected cash flows of the contracts/ business over their estimated useful lives; 6 years.

The amount of the customer relationships value amounted to SR 328.5 million at the acquisition dated November 11, 2021.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at January 1,	211,500	266,250
Amortization	(41,062)	(54,750)
<b>Ending balance for the period / year</b>	<b>170,438</b>	<b>211,500</b>

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**6- GOODWILL AND INTANGIBLE ASSETS (CONTINUED)****6.3 Intangible assets**

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
License fee and other intangibles		
Balance at January 1,	17,923	20,785
Amortization	(2,058)	(2,752)
Disposal of a subsidiary	-	(110)
Ending balance for the period / year	<u>15,865</u>	<u>17,923</u>

**7- INVESTMENT IN A JOINT VENTURE**

Details of the Group's investment in a joint venture at the reporting dates are as follows:

Company's name	Principal activities	Place of business / country of incorporation	Proportion of ownership interest		September 30, 2024	December 31, 2023
			2024	2023	(Unaudited)	(Audited)
Natpet Schulman Specialty Plastic Compounding L.L.C ("Natpet Schulman")	Produce polypropylene compounds	Saudi Arabia	50%	49%	<u>99,454</u>	<u>83,930</u>

On April 30, 2024, a 50% ownership stake in Natpet Schulman was transferred from NATPET to Alujain.

The movement in the investment in a joint venture during the period / year is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at January 1,	83,930	69,016
Share in result for the period / year	15,497	13,750
Share in other comprehensive income for the period / year	-	113
Zakat expense refund for the period / year	27	1,051
Ending balance for the period / year	<u>99,454</u>	<u>83,930</u>

The Group has joint control over Natpet Schulman by virtue of its 50% shareholding and voting right.

The activities of Natpet Schulman are jointly controlled by both the shareholders.

**8- INVESTMENT IN FINANCIAL ASSETS**

Equity investments comprise the following individual investments:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Investment in financial assets measured at amortized cost</b>		
Lygos Inc.	<u>1,969</u>	<u>1,969</u>
<b>Total Investments in financial assets</b>	<u>1,969</u>	<u>1,969</u>

The Group had entered into investment agreement with Lygos Inc. in the United States of America and become a stockholder of (USD 716,430) fully paid and non-assessable shares of Series A2 Preferred stock. In July 2017, the group received an approval for the initial investment in Lygos project amounted to USD 525,000 priced at USD 0.733 per share, since that date, there has been no movement or update on the investment. However, management believes that there is no significant doubt over the recoverability of investment. This investment is stated at cost, which is considered as the fair value due to the absence of an active trading market for such investment.

**9- SHARE CAPITAL**

The Parent Company's authorized, issued and fully paid share capital is SR 692 million which is divided into 69.2 million shares of SR 10 par value each. Holders of these shares are entitled to dividends as declared from time to time and entitled to one vote per share at general assembly meeting.

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## 10-ZAKAT

### 10.1 Components of Zakat base

The Company and its subsidiaries file separate Zakat declarations which are filed on unconsolidated basis. The significant components of the Zakat base of each company under Zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, adjusted income, less deductions for the adjusted net book value of property and equipment, and investments.

### 10.2 Provision for Zakat

The movement in the Group's provision for Zakat balance is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
January 1	56,840	55,063
Provided during the period / year	14,373	22,630
Prior year zakat adjustment	-	4,151
Reversal of prior years provision*	(30,096)	-
Paid during the period / year	(21,524)	(25,004)
End of the period / year	19,593	56,840

### 10.3 Status of assessments

#### The Parent Company

The Zakat, Tax and Customs Authority ("ZATCA") completed the Zakat assessment until 2022, and obtained the final Zakat certificate

The Parent Company has submitted its returns for the periods up to the year ended December 31, 2023, which are currently under review by ZATCA.

\* The Parent Company had previously recorded a provision for zakat amounting to SR 33 million for the year ended December 31, 2021. Following a review by ZATCA for the same period, ZATCA issued a final assessment, with the outstanding amounts settled. The remaining amount was reversed and recorded as a reversal of the prior years provision by SR 30 million.

#### The Subsidiary (National Petrochemical Industrial Company)

Except for the years 2017 and 2018, the Zakat status for the period ended September 30, 2024 remains unchanged as disclosed in the annual financial statement for the year ended December 31, 2023. In continuation with the disclosure in annual audited financial statements for the year ended December 31, 2023 of the Company, during the period, the Tax Violations and Dispute Resolution Committee ("TVDRC") issued its decision which was partially in favor of the Company. The Company has submitted its appeal against the TVDRC decision with the Tax Violations and Dispute Appellate Committee ("TVDAC"). During the period ZATCA has issued viewpoint memorandum on the appeal. The Company has submitted response to ZATCA's appeal and viewpoints memorandum with the TVDAC which is pending adjudication.

#### The Subsidiary (Alujain National Industrial Company (LNIC))

The Zakat status for the period ended September 30, 2024 remains unchanged as disclosed in the annual financial statement for the period ended December 31, 2023.

#### The Subsidiary (Infrastructure Reinforcement Industrial Company (IRIC))

The Zakat status for the period ended September 30, 2024 remains unchanged as disclosed in the annual financial statement for the period ended December 31, 2023.

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**11-RESERVE FOR ACQUISITION OF ADDITIONAL SHARES IN A SUBSIDIARY**

During the year 2023 and the period for three month ended March 31, 2024, the Group increased its ownership stake in NATPET in stages from 76.40% to 100% by purchasing shares through a share swap with Alujain Corporation's shares and cash consideration as follows:

- In October 2023, the Group purchased 648,145 shares at a cost of SR 26.57 million.
- In November 2023, the Group purchased 21,986,204 shares by swapping 15,277,439 shares in Alujain (note 16) for 17,973,458 shares in NATPET and a cash consideration of SR 144.98 million for 4,012,746 shares in NATPET.
- In December 2023, the Group purchased 1,162,544 shares at a cost of SR 47.66 million.
- In January 2024, the Group increased its ownership stake in NATPET in stages from 98.64% to 98.75% by purchasing 118,839 shares at a cost of SR 4.87 million.
- In March 2024, the Group increased its ownership stake in NATPET in stages from 98.75% to 100% by purchasing 1,338,622 at a cost of SR 54.88 million.

The movement of the reserve for acquisition of additional shares in a subsidiary during the period / year is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at January 1,	124,547	25,752
Additions	24,827	98,795
Transfer to retained earnings*	(149,374)	-
End of the period / year	-	124,547

\* The reserve balance was transferred to retained earnings when the Group's share in NATPET reached 100%, in accordance with the requirements of the International Financial Reporting Standards due to the absence of non-controlling interests in NATPET.

**12- EARNINGS/(LOSS) PER SHARE**

The following is the calculation of basic and diluted earnings/(loss) per share for the period:

	September 30, 2024 (Unaudited)	September 30, 2023 (Restated) (Unaudited)
Net profit /(loss) attributable to equity holders of the Parent Company	66,068	(15,490)
<b>Number of shares (in thousands shares)</b>		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	69,200	49,203
Weighted average number of repurchased ordinary shares	-	19,997
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	69,200	69,200
<b>Earnings/(loss) per share attributable to equity holders of the Parent Company (SR/Share)</b>		
Basic	0.95	(0.31)
Diluted	0.95	(0.22)

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**13- GAIN ON DISPOSAL OF A SUBSIDIARY**

The Group has recorded the assets disposed and the liabilities assumed at their carrying amounts as of July 31, 2023. The management carried out an assessment of its investment in Zain Industries Company as of July 31, 2023, based on which no impairment was identified.

The Group derecognized its investment in the subsidiary at carrying amount as of July 31, 2023. The excess of the amount of consideration of cash received from sale the subsidiary over the carrying value of pre-existing interest in Zain Industries Company has been recognized as gain on disposal of a subsidiary.

The analysis of assets and liabilities disposed was as follows:

	<u>31 July 2023</u>
<b>ASSETS</b>	
Property, plant and equipment	9,314
Intangible assets	110
Trade and other receivables	3,164
Prepayments and other assets	2,174
Inventories	2,835
Cash and cash equivalents	146
<b>TOTAL ASSETS</b>	<u>17,743</u>
<b>LIABILITIES</b>	
Trade and other payables	4,395
Accrued expenses and other liabilities	1,011
Employees' defined benefits obligation	812
Non-controlling interest	144
<b>TOTAL LIABILITIES</b>	<u>6,362</u>
<b>NET ASSETS ACQUIRED</b>	<u>11,381</u>
Less: Consideration amount for the disposal of ownership in a subsidiary	<u>(15,626)</u>
Gain on disposal of a subsidiary	<u>4,245</u>

**14-SEGMENT REPORTING**

A reporting segment is a group of assets and operations engaged in revenue producing activities, results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment, and financial statements for which is separately available.

The Group's President and Board of Directors monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment, they are collectively the chief operating decision makers ("CODM") for the Group.

CODM now reviews the operations principally in the following two operating segments:

- i. Manufacturing of petrochemical products (which includes Polypropylene products & Geo-synthetic products); and
- ii. Manufacturing of home-care products.



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**14- SEGMENT REPORTING (CONTINUED)**

The interim condensed consolidated financial statements summarized by the above operating segments, is as follows:

	Manufacturing petrochemical products	Manufacturing of home-care products	Unallocated	Total
<b>September 30, 2024 - unaudited</b>				
Revenues	1,197,190	-	-	1,197,190
Cost of revenues excluding depreciation	(846,526)	-	-	(846,526)
Depreciation and amortization	(141,432)	-	(41,085)	(182,517)
Selling and marketing expenses excluding depreciation	(61,371)	-	-	(61,371)
General and administration expenses excluding depreciation	(37,229)	-	(15,602)	(52,831)
Finance costs	(3,286)	-	(33,700)	(36,986)
Financing income	6,884	-	14,864	21,748
Other income	10,786	-	8,890	19,676
Segment results profit / (loss) before Zakat	<b>125,016</b>	<b>-</b>	<b>(66,633)</b>	<b>58,383</b>
	Manufacturing petrochemical products	Manufacturing of home-care products	Unallocated	Total
<b>September 30, 2023 (Restated) - unaudited</b>				
Revenues	1,209,786	11,582	-	1,221,368
Cost of revenues excluding depreciation	(857,794)	(10,389)	-	(868,183)
Depreciation and amortization	(143,116)	(2,006)	(41,222)	(186,344)
Selling and marketing expenses excluding depreciation	(54,557)	(2,213)	-	(56,770)
General and administration expenses excluding depreciation	(40,439)	(3,184)	(7,657)	(51,280)
Finance costs	(8,102)	(32)	(37,930)	(46,064)
Financing income	3,466	-	1,576	5,042
Other income	14,017	(1,009)	(2,801)	10,207
Segment results profit / (loss) before Zakat	<b>123,261</b>	<b>(7,251)</b>	<b>(88,034)</b>	<b>27,976</b>
	Manufacturing petrochemical products	Unallocated	Total	
<b>Total assets and liabilities as at September 30, 2024 - unaudited</b>				
Total assets	3,595,260	1,938,311	5,533,571	
Total liabilities	466,422	106,902	573,324	
	Manufacturing petrochemical products	Unallocated	Total	
<b>Total assets and liabilities as at December 31, 2023 - audited</b>				
Total assets	3,107,171	1,514,243	4,621,414	
Total liabilities	430,067	1,124,783	1,554,850	

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**14- SEGMENT REPORTING (CONTINUED)**

The Group's local and export sales during the period are as follows:

Geographic information for revenue from customers	For the nine-month ended September 30,	
	2024 (Unaudited)	2023 (Unaudited)
Africa	247,650	335,295
Asia	562,612	420,940
Europe	194,716	234,074
North America	56,709	71,117
South America	135,503	159,721
Oceania	-	221
	<u>1,197,190</u>	<u>1,221,368</u>

The revenue information above is based on the locations of the customers; the non-current assets of the Group are based in the Kingdom of Saudi Arabia.

**15- RELATED PARTY TRANSACTIONS AND BALANCES****Key management compensation for the Group**

The Group's senior management personnel represent members of the Board of Directors and senior executives who exercise authority and responsibility in planning, obligating and controlling the Group's activities, directly or indirectly. The compensation of senior management of the Group is as follows:

	For the nine-month ended September 30,	
	2024 (Unaudited)	2023 (Unaudited)
Short-term employee salaries and benefits	15,753	12,394
Termination benefits	666	454
	<u>16,419</u>	<u>12,848</u>

The following table provides the total amount of material transactions that have been entered into with related parties:

Related Party	Nature of transaction	Relation	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
	Sales		32,551	32,923
Natpet Schulman Specialty	Expenses re-charged by the Group	Joint	(2,967)	(2,382)
Plastic Compounds Company	Management support services	Venture	1,759	1,779
	Sale of waste raw material		-	231
	Zakat absorption / (refund)		27	(46)
	Selling of 35% stake in NATPET		1,879,332	-
Basell International Holdings B.V	Advance for propane dehydrogenation (PDH) / polypropylene (PP) project	Partner in a subsidiary	(95,936)	-
Basell Poliolefine Italia SRL	Purchase of material	Affiliate	6,218	-
Basell Sales & Marketing Company B.V	Sales	Affiliate	52,960	-
Basell International Trading FZE	Sales	Affiliate	58,164	-

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**15- RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)****Related party balances**

<b>Related party</b>	<b>September 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
<b>Included within "trade and other receivables"</b>		
Natpet Schulman Specialty Plastic Compounds Company	15,948	10,440
Basell International Trading FZE	58,164	-
Basell Sales & Marketing Company B.V	52,960	-
	<u>127,072</u>	<u>10,440</u>
<b>Included within "Accrued and other liabilities"</b>		
Basell International Holdings B.V	95,936	-
	<u>95,936</u>	<u>-</u>

The Group always measures the allowances for expected credit losses which are unsecured at an amount equal to lifetime ECL. The expected impairment loss on due from related parties is estimated using a provision matrix by reference to past default experience of related parties with similar loss patterns and where applicable an analysis of the related parties' current financial position, adjusted for factors that are specific to the related parties, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

**16- DIVIDENDS**

On February 26, 2023, the Board of Directors of the subsidiary company "NATPET" approved on February 26, 2023, the distribution of interim dividends amounting to SR 160.5 million. This amount excludes the Company's share of SR 122.6 million, which was eliminated in the consolidated financial statements.

On July 12, 2023, the General Assembly of NATPET approved the distribution of in-kind dividends to the shareholders of NATPET (all shares owned by the subsidiary - NATPET and its subsidiaries in Alujain Corporation amounted to 19,997,224 number of shares). The in-kind dividends distributed on November 28, 2023 with market value of SR 763.89 million. This amount excludes the Company's share of 15,277,439 shares values at SR 583.6 million, which was eliminated in the consolidation of the financial statements. The in-kind dividends distributed to the non-controlling interests through the subsidiary NATPET are 4,719,785 shares values at SR 180.3 million.

On December 10, 2023, the Board of Directors of NATPET approved the distribution of interim dividends amounting to SR 192.6 million (SAR 1.8 per share). This amount excludes the Company's share of SR 187.88 million, which was eliminated in the consolidation of the financial statements. The dividends paid to the non-controlling interest through NATPET amounted to SR 4.72 million during the period ended December 31, 2023.

On May 23, 2024, the Ordinary General Assembly of NATPET approved the distribution of interim dividends amounting to SR 149.4 million (SAR 1.39 per share).

**17- SUBSEQUENT EVENTS**

No events occurred after September 30, 2024 and before the date of signing the auditor's report have a significant effect on the interim condensed consolidated financial statements.

**18- LAWSUITS**

On March 9, 2020 (corresponding to Rajab 14, 1441), the management of Alujain Corporation filed a liability legal suit against the members of former Board of Directors, who were removed on June 14, 2017, at the competent judicial authorities in the Commercial Court in Jeddah. The commercial court in Jeddah issued a judgment to suspend the case until a decision is made on the complaint filed against the defendants in the public prosecutor's office. The case was dismissed.

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**19- COMPARATIVE FIGURES AND PRIOR YEARS ADJUSTMENTS**

During the year 2023, management identified necessary adjustments to the prior years consolidated financial statements, primarily concerning the valuation of goodwill and the treatment of customer relationships associated with the acquisition of NATPET on November 11, 2021. The principal objective of these adjustments is to segregate the customers relationship from goodwill, thereby facilitating a more precise assessment of their respective values. Consequently, in accordance with International Accounting Standards, it was determined that the customers relationship asset should be amortized over its useful life (6 years), ensuring compliance with financial reporting requirements and enhancing the accuracy and transparency of the consolidated financial statements.

Moreover, a reclassification has been made regarding the noncurrent portion of prepaid expenses, which are expected to be utilized beyond twelve months from the date of the consolidated financial statements. Additionally, another reclassification has been conducted between property, plant, and equipment and projects under construction. This reclassification involved transferring the amount of capital work in progress previously categorized within property, plant, and equipment.

Impact on the consolidated statement of financial position as of December 31, 2022:

	Balance as previously stated	Reclassification	Adjustment	Restated balance
Intangible assets	20,785	(20,785)	-	-
Goodwill	1,533,429	(1,533,429)	-	-
Goodwill and intangible assets	-	1,554,214	(62,250)	1,491,964
Retained earnings	(2,315,886)	-	62,250	(2,253,636)

Impact on the interim condensed consolidated statement of profit or loss for the period ended September 30, 2023:

	Balance as previously stated	Reclassification	Adjustment	Restated balance
Net loss for the period	50,550	-	(41,062)	9,488
Loss per share attributable to equity holders of the parent Company (SR/share):				
Basic	0.52	-	(0.83)	(0.31)
Diluted	0.37	-	(0.59)	(0.22)

**20- APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on 27 Rabi' al-Thani 1446 (October 30, 2024).