

Borouge PLC

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

30 JUNE 2025

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

For the six month period ended 30 June 2025

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Borouge PLC

DIRECTORS' REPORT

30 JUNE 2025

BOROUGE PLC
DIRECTORS' REPORT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025

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 six month period ended 30 June 2025.

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 474.25 million (period ended 30 June 2024: USD 580.50 million) as presented in these interim condensed consolidated financial statements.

for the **Board of Directors**



Chairman

Date: 30 July 2025
Abu Dhabi, UAE

Borouge PLC

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2025

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 June 2025, comprising of the interim condensed consolidated statement of financial position as at 30 June 2025 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, for the three and six month periods then ended and the related interim condensed consolidated statement of changes in equity and cash flows for the six 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 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



Walid J Nakfour
Registration No: 5479

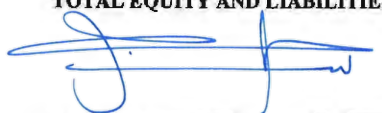
30 July 2025
Abu Dhabi, United Arab Emirates


Borouge PLC

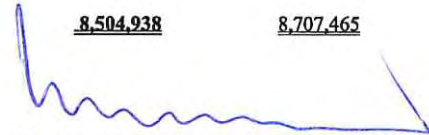
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 USD '000 (Unaudited)	31 December 2024 USD '000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,188,102	6,292,502
Intangible assets		63,241	60,643
Right-of-use assets		23,148	24,797
Investment in sublease	9	135,499	135,789
Loans to employees		20,565	20,509
Deferred tax assets		<u>2,195</u>	<u>2,397</u>
Total non-current assets		<u>6,432,750</u>	<u>6,536,637</u>
Current assets			
Inventories	4	577,535	640,505
Amounts due from related parties	9	249,491	209,937
Trade receivables	5	727,336	858,768
Loans to employees		14,620	13,454
Investments in sublease	9	5,692	5,741
Prepayments and other receivables	6	78,651	23,917
Cash and cash equivalents	7	<u>418,863</u>	<u>418,506</u>
Total current assets		<u>2,072,188</u>	<u>2,170,828</u>
TOTAL ASSETS		<u>8,504,938</u>	<u>8,707,465</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		4,809,231	4,809,231
Merger reserve		(4,446,467)	(4,446,467)
Treasury shares	17	(91,323)	-
Other reserve	17	791	-
Restricted reserve		186,798	186,770
Capital reserve		12,490	12,490
Cash flow hedge reserve		(7,478)	(5,993)
Actuarial reserve		18,320	18,320
Translation reserve		(6,209)	(7,741)
Retained earnings		<u>3,717,372</u>	<u>3,896,116</u>
Equity attributable to the owners of the Company		4,193,525	4,462,726
Non-controlling interests		<u>21,845</u>	<u>19,337</u>
Total equity		<u>4,215,370</u>	<u>4,482,063</u>
Non-current liabilities			
Provision for employees' end of service benefits		94,041	97,585
Lease liabilities		156,233	158,082
Deferred tax liability		94,405	85,136
Bank loans	8	2,945,575	2,944,100
Derivative financial instruments	16	<u>7,478</u>	<u>5,993</u>
Total non-current liabilities		<u>3,297,732</u>	<u>3,290,896</u>
Current liabilities			
Trade and other payables		387,372	356,660
Amounts due to related parties	9	535,760	520,260
Lease liabilities		9,211	9,042
Provisions for employees end of service benefits		9,427	1,235
Income tax payable		<u>50,066</u>	<u>47,309</u>
Total current liabilities		<u>991,836</u>	<u>934,506</u>
Total liabilities		<u>4,289,568</u>	<u>4,225,402</u>
TOTAL EQUITY AND LIABILITIES		<u>8,504,938</u>	<u>8,707,465</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 six month period ended 30 June 2025

		<i>For the three-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 June 2024 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the six month period ended 30 June 2024 USD'000 (unaudited)</i>
	<i>Notes</i>				
Revenue	10	1,305,263	1,502,963	2,724,874	2,805,140
Cost of sales	11	(865,840)	(873,363)	(1,711,393)	(1,603,071)
Gross profit		439,423	629,600	1,013,481	1,202,069
Other income		5,974	6,677	12,024	10,831
General and administrative expenses		(41,944)	(54,088)	(102,518)	(104,832)
Selling and distribution expenses		(101,367)	(104,795)	(191,307)	(200,736)
Impairment loss		-	(1,485)	-	(2,073)
Operating profit		302,086	475,909	731,680	905,259
Finance income		8,682	6,551	16,579	16,215
Finance costs		(43,361)	(51,182)	(85,984)	(104,651)
Foreign exchange loss		(1,430)	(602)	(2,150)	(889)
Profit for the period before tax		265,977	430,676	660,125	815,934
Income tax expense	12	(72,798)	(122,878)	(185,879)	(235,431)
Profit for the period		<u>193,179</u>	<u>307,798</u>	<u>474,246</u>	<u>580,503</u>
Profit for the period attributable to:					
Shareholders of the Parent		191,705	304,458	470,488	575,041
Non-controlling interests		<u>1,474</u>	<u>3,340</u>	<u>3,758</u>	<u>5,462</u>
		<u>193,179</u>	<u>307,798</u>	<u>474,246</u>	<u>580,503</u>
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Fair value gain/(loss) on derivatives used in effective cash flow hedge relationship		434	1,591	(1,485)	9,145
Exchange differences on translation of foreign operation		<u>1,281</u>	<u>(662)</u>	<u>1,807</u>	<u>(2,374)</u>
Total other comprehensive income for the period		<u>1,715</u>	<u>929</u>	<u>322</u>	<u>6,771</u>
Total comprehensive income for the period, net of tax		<u>194,894</u>	<u>308,727</u>	<u>474,568</u>	<u>587,274</u>
Total comprehensive income for the period attributable to:					
Shareholders of the Parent		193,225	305,488	470,535	582,174
Non-controlling interests		<u>1,669</u>	<u>3,239</u>	<u>4,033</u>	<u>5,100</u>
		<u>194,894</u>	<u>308,727</u>	<u>474,568</u>	<u>587,274</u>
Earnings per share:					
Basic and diluted (USD)	13	<u>0.01</u>	<u>0.01</u>	<u>0.02</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 six month period ended 30 June 2025

	Share capital USD'000	Treasury Shares USD'000	Other Reserve 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 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	-	-	-	-	-	-	-	-	-	575,041	575,041	5,462	580,503
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	9,145	(2,012)	-	7,133	(362)	6,771
Total comprehensive income for the period	-	-	-	-	-	-	-	9,145	(2,012)	575,041	582,174	5,100	587,274
Dividends (note 8)	-	-	-	-	-	-	-	-	-	(649,852)	(649,852)	(6,100)	(655,952)
Balance at 30 June 2024 (unaudited)	<u>4,809,231</u>	<u>-</u>	<u>-</u>	<u>(4,446,467)</u>	<u>186,486</u>	<u>12,490</u>	<u>17,993</u>	<u>(3,463)</u>	<u>(7,486)</u>	<u>3,896,020</u>	<u>4,464,804</u>	<u>12,354</u>	<u>4,477,158</u>
Balance at 1 January 2025 (audited)	4,809,231	-	-	(4,446,467)	186,770	12,490	18,320	(5,993)	(7,741)	3,896,116	4,462,726	19,337	4,482,063
Profit for the period	-	-	-	-	-	-	-	-	-	470,488	470,488	3,758	474,246
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	(1,485)	1,532	-	47	275	322
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,485)	1,532	470,488	470,535	4,033	474,568
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(649,204)	(649,204)	(1,525)	(650,729)
Transfer to statutory reserve	-	-	-	-	28	-	-	-	-	(28)	-	-	-
Own shares acquired in the period (note 17)	-	(91,323)	791	-	-	-	-	-	-	-	(90,532)	-	(90,532)
Balance at 30 June 2025 (unaudited)	<u>4,809,231</u>	<u>(91,323)</u>	<u>791</u>	<u>(4,446,467)</u>	<u>186,798</u>	<u>12,490</u>	<u>18,320</u>	<u>(7,478)</u>	<u>(6,209)</u>	<u>3,717,372</u>	<u>4,193,525</u>	<u>21,845</u>	<u>4,215,370</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the six month period ended 30 June 2025

		<i>For the six month period ended 30 June 2025 USD'000 (Unaudited)</i>	<i>For the six month period ended 30 June 2024 USD'000 (Unaudited)</i>
	<i>Notes</i>		
Cash flows from operating activities			
Profits before tax for the period		660,125	815,934
<i>Adjustments for:</i>			
Depreciation on property, plant, and equipment	3	261,537	259,751
Impairment of property, plant, and equipment	3	-	2,073
Depreciation on right-of-use assets		1,777	2,443
Amortization of intangible assets		11,078	11,008
Provision (reversal of) for expected credit loss on trade receivables	5	397	(3,254)
Provision for slow moving and obsolete inventories	4	147	5,595
Gain on disposal of property, plant and equipment		(1)	(13)
End of service benefits charge		7,397	6,763
Finance costs		85,984	104,651
Finance income		(16,579)	(16,215)
Exchange loss differences		405	156
Net cash flows from operating activities before changes in working capital		1,012,267	1,188,892
Changes in working capital:			
Trade receivables		131,883	(51,622)
Amounts due from related parties		(37,211)	(21,690)
Inventories		62,996	(40,645)
Prepayments and other receivables		(55,529)	(4)
Amounts due to related parties		13,336	85,045
Trade and other payables		30,601	(12,108)
Cash generated from operating activities		1,158,343	1,147,868
End of service benefits paid		(2,772)	(4,428)
Tax paid		(173,893)	(204,527)
Net cash generated from operating activities		981,678	938,913
Cash used in investing activities			
Proceeds from disposal of property, plant and equipment		4	9
Payments for purchase of property, plant and equipment	3	(169,427)	(45,760)
Payments for purchase of intangible assets		(873)	(2,095)
Finance income received		13,741	13,268
Cash and cash equivalents acquired as part of business combination		-	-
Cash used in investing activities		(156,555)	(34,578)
Cash used in financing activities			
Repayment of bank loan		-	(200,000)
Purchase of Treasury shares	17	(91,323)	-
Payment of dividends	9	(651,377)	(655,952)
Payment of interest on bank loan		(81,088)	(100,100)
Receipt from sub lease		2,897	484
Payment of lease liabilities		(4,992)	(2,650)
Cash used in financing activities		(825,883)	(958,218)
Net foreign exchange difference		1,117	(1,370)
Net decrease in cash and cash equivalents		357	(55,253)
Cash and cash equivalents at beginning of period		418,506	353,921
Cash and cash equivalents at end of period	7	418,863	298,668

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2025

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.

In the period, ADNOC and OMV announced the agreement of terms on a binding framework agreement for the proposed combination of Borouge PLC and Borealis into Borouge Group International. Upon merging, Borouge Group International will acquire Nova Chemicals, a leading North America-based polyethylene producer for US\$ 13.4 billion expanding global reach and access to growth markets. The above restructuring including the reorganization of Borouge PLC is expected to be implemented in 2026.

Under the terms of the agreement, ADNOC and OMV will hold equal stakes of 46.94% in Borouge Group International, with joint control and equal partnership, with the remaining 6.12% in free float. This is subject to Securities and Commodities Authority (SCA) approval and assuming all existing Borouge free float shareholders accept to exchange their existing shares in Borouge into shares in Borouge Group International.

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 June 2025 are as follows:

<i>Name of subsidiary</i>	<i>Ownership interest</i>	<i>Parent Company</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Abu Dhabi Polymers Co. Ltd (Borouge) - Sole Proprietorship L.L.C (“ADP”)	100%	PLC	U.A.E	Production of ethylene, propylene, polyethylene and polypropylene
Borouge Pte Ltd (“PTE”)	84.746%	PLC	Singapore	Trading of polyolefins
Borouge (India) Pvt Ltd	100%	PTE	India	Marketing and support services
Borouge Compounding Holding PTE Ltd (“PTECOM”)	100%	PTE	Singapore	Investment Holding
Borouge Compounding (Shanghai) Co. Ltd	100%	PTECOM	People’s Republic of China	Trading polyolefins products
Borouge Sales and Marketing (Shanghai) Co. Ltd	100%	PTE	People’s Republic of China	Marketing and support services
Borouge Egypt LLC	100%	PTE	Arab Republic Egypt	Marketing and support services
Borouge Kenya Ltd	100%	PTE	Kenya	Marketing and support services
Borouge Korea Co. Ltd	100%	PTE	South Kora	Trading of polyolefins products and sales and marketing support

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 30 July 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2025

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The interim condensed consolidated financial statements for the six month ended 30 June 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 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 2024.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed consolidated financial statements are presented in US Dollar ("USD"), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.3 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 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025 but does not have an impact on the interim condensed consolidated financial statements of the Group.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

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>
<i>Cost</i>						
Balance at 1 January 2025 (audited)	716,770	12,751,222	194,204	14,093	257,273	13,933,562
Additions	-	7	116	-	169,304	169,427
Disposals	-	(84)	(6,461)	-	-	(6,545)
Transfers from capital work in progress	704	142,213	8,265	-	(151,182)	-
Transfers to intangibles	-	-	-	-	(12,796)	(12,796)
Exchange differences	<u>365</u>	<u>817</u>	<u>773</u>	<u>-</u>	<u>22</u>	<u>1,977</u>
At 30 June 2025 (unaudited)	<u>717,839</u>	<u>12,894,175</u>	<u>196,897</u>	<u>14,093</u>	<u>262,621</u>	<u>14,085,625</u>
<i>Accumulated depreciation and impairment</i>						
Balance at 1 January 2025 (audited)	366,869	7,084,935	173,850	13,562	1,844	7,641,060
Depreciation	13,071	244,191	4,201	74	-	261,537
Disposals	-	(84)	(6,461)	-	-	(6,545)
Impairment	-	-	-	-	(7)	(7)
Exchange differences	<u>170</u>	<u>571</u>	<u>734</u>	<u>3</u>	<u>-</u>	<u>1,478</u>
At 30 June 2025 (unaudited)	<u>380,110</u>	<u>7,329,613</u>	<u>172,324</u>	<u>13,639</u>	<u>1,837</u>	<u>7,897,523</u>
Net book value:						
At 30 June 2025 (unaudited)	<u>337,729</u>	<u>5,564,562</u>	<u>24,573</u>	<u>454</u>	<u>260,784</u>	<u>6,188,102</u>
At 31 December 2024 (audited)	<u>349,901</u>	<u>5,666,287</u>	<u>20,354</u>	<u>531</u>	<u>255,429</u>	<u>6,292,502</u>

During the six months ended 30 June 2024, the Group acquired assets with a cost of USD 45,760 thousand. In the same period, gross disposals were made of USD 20,421 thousand and total depreciation charges for the period were USD 259,741 thousand.

The right and license to use the land in Ruwais, on which the buildings and plant and machinery are constructed, were granted by the Supreme Petroleum Council, free of all fees, in accordance with a letter dated 28 October 1998. The land in Ruwais continues to be free of all fees, except for the Borouge 4 Plant Site in accordance with an agreement signed between the Group and ADNOC on 16 November 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2025

4 INVENTORIES

	<i>30 June 2025 USD'000 (unaudited)</i>	<i>31 December 2024 USD'000 (audited)</i>
Finished goods	317,981	378,208
Spare parts	157,490	148,411
Raw materials	153,675	159,183
Goods in transit	5,725	9,020
Work in progress	<u>2,923</u>	<u>5,795</u>
	637,794	700,617
Less: allowance for slow moving and obsolete inventories	<u>(60,259)</u>	<u>(60,112)</u>
	<u>577,535</u>	<u>640,505</u>

5 TRADE RECEIVABLES

	<i>30 June 2025 USD'000 (unaudited)</i>	<i>31 December 2024 USD'000 (audited)</i>
Trade receivables	728,879	859,914
Less: provision for expected credit losses	<u>(1,543)</u>	<u>(1,146)</u>
	<u>727,336</u>	<u>858,768</u>

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

	<i>30 June 2025 USD'000 (unaudited)</i>	<i>31 December 2024 USD'000 (audited)</i>
Balance at 1 January	1,146	4,341
Charge / (reversal) for the period/year	<u>397</u>	<u>(3,195)</u>
At the end of the period/year	<u>1,543</u>	<u>1,146</u>

6 PREPAYMENTS AND OTHER RECEIVABLES

	<i>30 June 2025 USD'000 (unaudited)</i>	<i>31 December 2024 USD'000 (audited)</i>
Prepayments	18,205	4,579
Deposits (note 6.1)	24,089	1,760
Advances to suppliers and contractors	35,405	8,599
Other receivables	3,809	11,836
Provision for expected credit losses	<u>(2,857)</u>	<u>(2,857)</u>
	<u>78,651</u>	<u>23,917</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

6 PREPAYMENTS AND OTHER RECEIVABLES continued

- 6.1** An amount included within deposits of USD 17,871 thousand (31 December 2024: nil) represents cash held by the Liquidity provider. See note 17 for further details.

7 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 June 2025 USD'000 (unaudited)</i>	<i>31 December 2024 USD'000 (audited)</i>
Bank balances	65,639	86,216
Short-term deposits	353,217	332,286
Cash on hand	<u>7</u>	<u>4</u>
Cash and cash equivalents	<u>418,863</u>	<u>418,506</u>

Included in the Group's cash and cash equivalents are cash and bank balances amounting to USD 7,692 thousand (31 December 2024: USD 5,855 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 4.58% per annum (2024: 5.32%) with an original maturity of less than three months.

8 BANK LOANS

	<i>30 June 2025 USD'000 (unaudited)</i>	<i>31 December 2024 USD'000 (audited)</i>
Commercial term facility	2,600,000	2,600,000
Islamic facility	<u>350,000</u>	<u>350,000</u>
	2,950,000	2,950,000
Unamortised transaction costs	<u>(4,425)</u>	<u>(5,900)</u>
	<u>2,945,575</u>	<u>2,944,100</u>

This represents external facilities from a consortium of banks amounting to USD 4,000 million with a maturity of 5 years from 19 December 2021, 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. During the period ended 30 June 2025, the Company repaid an amount of USD nil (2024: USD 200,000 thousand).

As at 30 June 2025, the Group has an undrawn revolving loan facility with First Abu Dhabi Bank amounting to USD 500 million, valid for up to 5 years from December 2024. The facility is undrawn at 30 June 2025 (31 December 2024: undrawn).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

9 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 30 June 2025 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 June 2024 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2024 USD'000 (unaudited)</i>
Shareholders				
Sale of goods	148,668	105,610	297,562	213,978
Purchase of goods	(372,752)	(425,651)	(816,923)	(728,896)
Other income and expenses	(21,070)	(26,427)	(36,371)	(37,540)
Other related parties				
Sale of goods	13,425	15,140	27,332	28,084
Purchase of goods	(114,529)	(131,916)	(240,426)	(258,763)
Other income and expenses	(20,410)	(6,933)	(55,575)	(60,628)
Compensation of key management personnel				
Short-term benefits	<u>2,157</u>	<u>2,565</u>	<u>5,129</u>	<u>3,766</u>
Long-term benefits	<u>236</u>	<u>133</u>	<u>363</u>	<u>257</u>

Balances with related parties mainly comprise:

Amounts due to related parties

		<i>30 June 2025 USD'000 (unaudited)</i>	<i>31 December 2024 USD'000 (audited)</i>
	<i>Nature</i>		
ADNOC	Shareholder	289,559	278,554
Borealis AG	Shareholder	116,049	112,502
ADNOC Logistics	Affiliate	64,395	68,626
ADNOC Gas Facility	Affiliate	39,859	40,246
DYM Solution Co. Ltd	Affiliate	12,144	10,449
ADNOC Refining	Affiliate	12,490	8,814
ADNOC Distribution	Affiliate	525	491
ADNOC Industrial Gas Elixier	Affiliate	474	471
Borealis Compounds Inc.	Affiliate	204	107
Borouge 4	Affiliate	46	-
OMV Supply & Trading Singapore PTE Ltd	Affiliate	12	-
ADNOC Onshore Ltd	Affiliate	3	-
		<u>535,760</u>	<u>520,260</u>

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9 RELATED PARTIES continued

Amounts due from related parties

	<i>Nature</i>	30 June 2025 USD'000 (unaudited)	31 December 2024 USD'000 (audited)
Borealis AG	Shareholder	148,531	152,407
ADNOC	Shareholder	70,480	40,088
Borouge 4	Affiliate	25,738	14,142
ADNOC Refining	Affiliate	4,693	3,216
Borealis AG Abu Dhabi	Affiliate	42	57
ADNOC Global Trading	Affiliate	7	27
		<u>249,491</u>	<u>209,937</u>
OMV Supply & Trading Singapore PTE Ltd	Affiliate	93	98
Borouge 4- Investment in sublease	Affiliate	<u>141,098</u>	<u>141,432</u>
		<u>141,191</u>	<u>141,530</u>
		<u>390,682</u>	<u>351,467</u>

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

Investment in sublease – current	5,692	5,741
Investment in sublease – non-current	135,499	135,789
Amounts due from related parties - current	<u>249,491</u>	<u>209,937</u>
Total	<u>390,682</u>	<u>351,467</u>

Dividends

On 3 February 2025, 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 7 April 2025 and paid in April 2025 (Period ended 30 June 2024: dividend of USD 649,852 thousand was approved and paid). A dividend of USD 648 thousand (30 June 2024: nil) was received by the group on the Treasury shares held by the Company at the ex-dividend date. This has been treated as a contra entry to the total dividend paid through the interim condensed consolidated statement of changes in equity.

Further, USD 1,525 thousand (Period ended 30 June 2024: USD 6,100 thousand) dividend to non-controlling interest was declared and was paid in April 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10 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 June 2025 USD'000 (unaudited)</i>	<i>For the three- month period ended 30 June 2024 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the six- month period ended 30 June 2024 USD'000 (unaudited)</i>
<i>Sale of goods</i>				
Polyethylene	751,686	882,200	1,606,804	1,691,551
Polypropylene	540,452	611,006	1,090,517	1,094,339
Ethylene and others	<u>13,125</u>	<u>9,757</u>	<u>27,553</u>	<u>19,250</u>
	<u>1,305,263</u>	<u>1,502,963</u>	<u>2,724,874</u>	<u>2,805,140</u>
<i>Timing of revenue recognition</i>				
At a point in time	<u>1,305,263</u>	<u>1,502,963</u>	<u>2,724,874</u>	<u>2,805,140</u>

Geographical information

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

	<i>For the three-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 June 2024 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2024 USD'000 (unaudited)</i>
People's Republic of China	305,273	454,631	685,384	818,455
India	206,728	249,030	398,415	415,657
United Arab Emirates	171,556	155,855	334,266	338,805
Austria	140,778	105,610	284,779	213,978
Egypt	54,161	88,063	120,771	173,471
Pakistan	63,346	60,825	129,285	112,288
Vietnam	30,696	36,873	66,806	70,485
Saudi Arabia	37,665	25,031	72,876	49,786
Others	<u>295,060</u>	<u>327,045</u>	<u>632,292</u>	<u>612,215</u>
Revenue from contracts with end customers	<u>1,305,263</u>	<u>1,502,963</u>	<u>2,724,874</u>	<u>2,805,140</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11 COST OF SALES

	<i>For the three-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 June 2024 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2024 USD'000 (unaudited)</i>
Cost of production and other related costs	705,213	727,962	1,476,313	1,395,249
Depreciation on property, plant and equipment	144,938	129,402	206,347	180,711
Royalty expenses	9,755	10,449	20,064	19,403
Amortisation of intangible assets	5,881	5,493	8,587	7,633
Depreciation on right-of-use assets	53	57	82	75
	<u>865,840</u>	<u>873,363</u>	<u>1,711,393</u>	<u>1,603,071</u>

12 INCOME TAX EXPENSE

	<i>For the three-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the three-month period ended 30 June 2024 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2025 USD'000 (unaudited)</i>	<i>For the six-month period ended 30 June 2024 USD'000 (unaudited)</i>
Income tax expense				
- UAE	66,117	114,393	171,329	216,921
- Foreign jurisdictions	1,805	1,937	5,042	3,153
Deferred tax charge (credit)	<u>4,876</u>	<u>6,548</u>	<u>9,508</u>	<u>15,357</u>
	<u>72,798</u>	<u>122,878</u>	<u>185,879</u>	<u>235,431</u>

United Arab Emirates

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 condensed consolidated financial statements may differ from management's estimate of the effective tax rate for the annual consolidated financial statements. Effective tax rate for the period 30 June 2025 is 28.71% (30 June 2024: 29.84%)

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.

Foreign jurisdictions

The Group's subsidiaries in foreign jurisdictions are subject to taxation. Income tax for the current period is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted, or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years.

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 June 2025 (unaudited)</i>	<i>For the three-month period ended 30 June 2024 (unaudited)</i>	<i>For the six-month period ended 30 June 2025 (unaudited)</i>	<i>For the six-month period ended 30 June 2024 (unaudited)</i>
Profit attributable to owners of the Company (USD '000)	<u>191,705</u>	<u>304,458</u>	<u>470,488</u>	<u>575,041</u>
Weighted average number of shares in issue	<u>29,974,257,630</u>	<u>30,057,691,583</u>	<u>29,974,257,630</u>	<u>30,057,691,583</u>
Earnings per share (USD)	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>

The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares (note 17) during the year.

14 CONTINGENCIES AND CAPITAL COMMITMENTS

As at 30 June 2025, the Group had contingent liabilities amounting to USD 282 thousand (31 December 2024: 193 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.

At 30 June 2025, the Group has authorized and committed estimated future capital expenditure amounting to USD 381,674 thousand (31 December 2024: USD 129,087 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 30 June 2025 and 31 December 2024, 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 30 June 2025</i>				
Interest rate swap – hedged	<u>-</u>	<u>7,478</u>	<u>-</u>	<u>7,478</u>
<i>At 31 December 2024</i>				
Interest rate swap – hedged	<u>-</u>	<u>5,993</u>	<u>-</u>	<u>5,593</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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16 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES continued

Fair value hierarchy continued

At 30 June 2025, the Group holds interest rate swap agreements for notional amount of USD 500 million (31 December 2024: 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 June 2025, the Group incurred fair value loss on derivatives used in effective cashflow hedge relationship of USD 1,485 thousand (period ended 30 June 2024: gain of USD 9,145 thousand).

The ineffectiveness recognised in the interim condensed consolidated statement of profit or loss was USD nil (period ended 30 June 2024: USD nil).

17 TREASURY SHARES AND SHARE PREMIUM

During the period, the Company appointed Al Ramz Capital a licensed Market Maker on the Abu Dhabi Securities Exchange (ADX) that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility.

The Market Maker trades and operates within the predetermined parameters approved by the Company. The Company has provided the funding to the Market Maker to trade the Company's shares and it carries all risks and rewards associated with the arrangement. Given the nature and substance of the arrangement, the shares have been classified as "Treasury Shares" in Equity.

At 30 June 2025, the Market Maker held 6,524 thousand shares (31 December 2024: Nil) on behalf of the Company, which are classified under equity as treasury shares at the average purchase price amounting to USD 4,514 thousand (31 December 2024; nil). A cumulative net gain of USD 791 thousand has been recognized at 30 June 2025 (30 June 2024; nil) in 'other reserve' under equity, which includes gain/loss on trading shares as well as any dividends received on shares held.

In addition to the Liquidity provider services, on 7 April 2025, in the Annual General Assembly meeting the Shareholders of the Company approved the purchase of up to a maximum of 2.5% of the Company's publicly issued shares. The share buyback program commenced after shareholder approval was received and at 30 June 2025, the Company held 124,647 thousand shares (31 December 2024: Nil) which are classified under equity as treasury shares at acquisition cost amounting to USD 86,809 thousand (31 December 2024: Nil).

18 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified in order to conform to the presentation for the current period and to improve the quality of information previously presented. Such reclassifications do not affect previously reported net profit or total equity.