

SABIC AGRI-NUTRIENT Second Quarter 2023 Earnings

Second Quarter 2023 Highlights:

- Revenue of SAR 2,629 million [\$ 701 million], a 5% decrease quarter-over-quarter and 54% decrease compared to similar quarter of last year.
- EBITDA of SAR 942 million [\$ 251 million], a 21% decrease quarter-over-quarter and 73% decrease compared to similar quarter of last year.
- Operating profit of SAR 678 million [\$ 181 million] which was 29% lower than the operating profit of the previous quarter, and 78% lower than the operating profit of the similar quarter of last year.
- Net income of SAR 651 million [\$ 174 million] is 34% lower than the net income of the previous quarter and 78% lower than the net income of the similar quarter of last year.

Comparisons with second quarter of 2023 are available in the following table:

Table 1 – Summary Financial Results

Item	Three Months Ended			Six Months Ended		
	30. Jun, 2023	31. Mar 2023	Change %	30. Jun, 2023	30. Jun, 2022	Change %
Revenue	2,629	2,760	-5%	5,389	10,357	-48%
EBITDA ¹	942	1,196	-21%	2,138	6,404	-67%
EBITDA Margin	36%	43%	-17%	40%	62%	-36%
Operating profit	678	957	-29%	1,635	5,732	-71%
Net Income ²	651	981	-34%	1,632	5,538	-71%
Net Profit Margin	25%	36%	-30%	30%	53%	-43%
Earnings Per Share ²	1.37	2.06	-33%	3.43	11.63	-71%
Return on Capital Employed ³	3%	4%	-25%	7%	31%	-77%
Purchase of PPE	(156)	(391)	-60%	(547)	(272)	102%
Purchase of Intangible Assets	-	(6)	-100%	-	(0)	-100%
Free Cash flow ⁴	541	1,625	-67%	2,166	5,640	-62%

All amounts in SAR million unless otherwise stated, USD/SAR conversion used is 3.75. Certain figures and percentages included in this document have been subject to rounding adjustments.

1. Income before zakat and tax plus depreciation, amortization, impairment, finance cost and less finance income.
2. Attributable to equity holders of the parent company.
3. EBIT / Average Capital Employed (CE = Parent Equity + Non-current liabilities)
4. Net cash from operating activities minus purchase of property, plant and equipment and intangible assets

Financial Performance:

SABIC Agri-Nutrients ("SABIC AN") announced its financial results for the second quarter of 2023. The Company's revenue amounted to SAR 2,629 million [\$ 701 million] in the second quarter of 2023.

The second quarter of 2023 saw average sales prices reduce by 18% and the sales volume increased by 16% compared with the last quarter. This resulted in revenue decrease by 5%.

The average sales prices reduced by 46% and the sales volume reduced by 15% in the second quarter of 2023 compared with the same quarter of 2022. This led to revenue decrease by 54%.

EBITDA in the second quarter of 2023 decreased by 21%, quarter-over-quarter due to lower average selling prices.

EBITDA amounted to SAR 942 million [\$ 251 million] in the second quarter of 2023, representing a decrease of 73% compared with the second quarter of 2022. This was primarily due to lower average product prices and a reduction in sales volumes.

Net income for the quarter is SAR 651 million [\$ 174 million], or SAR 1.37 per share [\$ 0.36 per share], which was lower than the net income of SAR 3,196 million [\$ 852 million], or SAR 6.35 per share [\$ 1.7 per share] achieved during the same quarter of 2022. Net income has also decreased in comparison with previous quarter which was SAR 981 million [\$ 262 million], or SAR 2.06 per share [\$ 0.55 per share]

Net income for the period is SAR 1,632 million [\$ 435 million], or SAR 3.43 per share [\$ 0.91 per share], which was lower than the net income of SAR 5,538 million [\$ 1,477 million], or SAR 11.63 per share [\$ 3.1 per share] achieved during the same period of 2022.

The company would like to highlight that it has completed the periodic scheduled maintenance for the agri-nutrients factory 3 and 4 as well as Ibn Al-Baytar factory during the period, which contributes to enhancing the sustainability and reliability of the factories.

Commenting on the results of the second quarter, the CEO Eng. Abdulrahman Shamsaddin, stated that "In light of pressure on prices globally and with a relative decrease in variable costs, the company continues to closely monitor changes in the global market. The company also works hard to monitor operating costs through programs that contribute to optimize and achieve operational excellence with a focus on innovation and sustainability, as we do not neglect the development of the human element and achieving the best safety rates."

He added "the company has won two awards from the prestigious "Edison 2023" awards in honor of its unremitting efforts towards developing pioneering and innovative technologies and products".

The company have announced in this quarter the completion of the procedures to acquire 49% stake in ETG Inputs Holdco Limited, which is one of the leading companies in the mixing and distribution activities of fertilizer products in the African market, which reflects the company's focus on growth in the value chain.

For the first time, quantities of low-carbon ammonia were delivered to India and Taiwan, and all these efforts come within the company's commitment to achieve its goal of reaching carbon neutrality by 2050.

Market analysis:

Quarter 2 2023 vs Quarter 1 2023

In Q2 2023, demand was cautious, with distributors prioritizing nearby requirements and traders focusing on short-sales. Spot urea demand in Southeast Asia/Australia was supported by contract suppliers struggling to meet shipment schedules. Supply was tighter than Q1, but varied regionally. Western producers experienced unsold tons due to declining EU gas costs, while Eastern region nitrogen supply was tighter mainly due to maintenance issues.

Quarter 2 2023 vs Quarter 2 2022

In Q2 2023, fertilizer demand in the Northern hemisphere and Southeast Asia was strong, with public urea import demand for India. European import demand declined due to lower gas costs, allowing nitrogen producers to compete with offshore suppliers. The redrawn trade flows following the Russian conflict with Ukraine allowed buyers to relax their purchasing approach. Eastern-region nitrogen supply was tighter due to outages in Malaysia/Brunei and Indonesia, while Nigeria's Dangote II urea plant didn't experienced any increase in commercial production in comparison with Q2 2022.

Market Future Outlook:

- **Demand:** Forward demand is relatively stable at a global level with expectations for seasonal Q3 purchasing in South America / India offsetting a decline for North America / Europe / Southeast Asia. Although India has shown lower reliance on imports with expanded local capacity the country is still expected to take in several million tons of urea in the latter half of 2023.
- **Supply:** Third quarter supply developments remain mixed – with several export plants coming back from maintenance in June / July and additional Chinese N / P exports expected to feature on the global market by mid-August. Government gas curtailments in Egypt / Nigeria does push supply towards a deficit early in the quarter – but the duration / extent is uncertain.

Environment, Social and Governance:

SABIC Agri-Nutrients Company has won two awards from the prestigious "Edison 2023" awards, in recognition of its relentless efforts towards developing pioneering and innovative technologies and products that are closely aligned with the Kingdom's Vision 2030. The company won the gold award in the food and agricultural category for its "Low Carbon Urea" product and the bronze award for the "Next Generation Fertilizer" product.

It is noteworthy that this is the second time that SABIC Agri-Nutrients Company has attended the Edison Awards honoring platforms, as it previously won silver and bronze awards in 2021.

On the other hand, SABIC Agri-Nutrients' technology and innovation team has been able to develop a technology to manufacture Low Carbon ammonia, and "TUV Rheinland", a leading independent system

testing, inspection and certification services company based in Germany, has been awarded the world's first independent certification to SABIC Agri-Nutrients recognizing Low Carbon ammonia production.

The company also launched marketing campaigns for the industrial applications urea product (granulated) for future expansion purposes and also began exporting specialized and enhanced urea products to a number of global markets (Africa - Asia - South America)

As for the carbon neutrality project, the company's achievements continued in this journey, as low-carbon ammonia was shipped from the Kingdom to India and Taiwan. The technology and innovation team was also able to develop detailed road maps to achieve the company's vision to achieve carbon neutrality, and based on them, various projects were launched to achieve the goals in a timely manner. The technology and innovation group was also able to quantitatively measure the company's emissions. Appropriate plans have been put in place to achieve a 20% reduction in the first and second scope emissions by 2030, and to reach carbon neutrality by 2050.

For more information, please contact the Investor Relations Department of (SABIC Agri-Nutrients) at the following email: (InvestorRelations@agri.sabic.com)

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