

INDEPENDENT AUDITOR'S REPORT

**To the shareholders of
Basic Chemical Industries Company
(A Saudi joint stock company)**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Basic Chemical Industries Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment	
As at 31 December 2024, the Group has property, plant and equipment of Saudi Riyals 784.93 million, net of impairment losses of Saudi Riyals 15.94 million, including impairment loss of Saudi Riyals 2.76 million charged to profit or loss for the year ended 31 December 2024.	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the reasonableness of management's identification of the Group's CGUs. Evaluated management's assessment of the identification of impairment indicators or events that trigger the reversal or decrease of impairment previously recognised, including the conclusions reached.

Independent auditor's report to the shareholders of Basic Chemical Industries Company (continued)

Key audit matter (Continued)	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment (continued)	
<p>At each reporting date, the Group reviews whether there are any events or changes in circumstances which indicate that the carrying amount of property, plant and equipment may not be recoverable (impairment indicators) or an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any is identified, management of the Group performs a detailed impairment assessment by calculating the recoverable amounts of non-current assets of the related Cash-Generating Units (the "CGUs") and compare them against their carrying amounts.</p> <p>In determining the recoverable amounts, management estimated the value-in-use of the non-current assets related to certain CGUs of the Group i.e., (where impairment indicators had been identified), based on the business plans as approved by the Company's Board of Directors which reflect management's view of the external market conditions and certain key internal variables including estimation of appropriate growth and discount rates.</p> <p>We considered this as a key audit matter as the assessments of recoverable amounts of the property, plant and equipment require significant estimations and judgments including product pricing, future economic and market conditions, growth and discount rates.</p> <p>Refer to Note 3.9 to the accompanying consolidated financial statements for the accounting policy relating to the impairment of property, plant and equipment, Note 4 to the accompanying consolidated financial statements for the disclosure of critical estimates and judgments and Note 13 to the accompanying consolidated financial statements for the property, plant and equipment.</p>	<ul style="list-style-type: none"> Evaluated the design and implementation of key controls over the impairment assessment process including identification of impairment indicators and estimation of recoverable amounts. Evaluated the reasonableness of management's assumptions used in the value-in-use workings to determine the recoverable amounts of non-current assets related to the Group's CGUs. This included: <ul style="list-style-type: none"> i. Assessing the appropriateness of the methodology and accuracy of the input data used by management to estimate the value-in-use based on discounted cash flow models; ii. Testing the reasonableness of discount and growth rates used in such discounted cash flow models. Our internal valuation experts were engaged to assist us to assess the reasonableness of the discount and growth rates used; and iii. Performing sensitivity analysis over key assumptions in the calculation of the values-in-use in order to assess the potential impact of a range of possible outcomes. <p>Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.</p>

Other Information

The Board of Directors of the Company (the "Directors") are responsible for the other information. The other information comprises information included in the Group's annual report, other than the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditor's report to the shareholders of Basic Chemical Industries Company (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA, the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report to shareholders of Basic Chemical Industries Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader
License No. 435
Al Khobar, Kingdom of Saudi Arabia
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