METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Methanol Chemicals Company (A Saudi Joint Stock Company) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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, as applicable to audit of consolidated financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of ⃁ 542.2 million for the year ended 31 December 2025. As at that date, the Group's current liabilities exceeded its current assets by ⃁ 329.97 million and the Group's accumulated losses exceeded half of its share capital. The Group is also subject to ongoing legal proceedings that have resulted in significant liabilities being recognised in the consolidated financial statements. These events or conditions, together with the other matters described in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Group's ability to continue as a going concern depends on the successful implementation of the measures described in Note 3, including the completion of the planned rights issue. The outcome of these measures remains uncertain. The consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. The matter described in the *Material Uncertainty Relating to Going Concern* section of our report is, by its nature, a key audit matter but is not described separately in this section because it is addressed in that section. We have determined the matters described below to be the other key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition During the year ended 31 December 2025, the Group recognised revenue amounting to ⃁ 621.9 million (2024: ⃁ 705.6 million). The Group generates revenue primarily from the production and sale of formaldehyde liquid and urea formaldehyde liquid, or mixtures of these products in different concentrations. The Group recognises revenue through multiple delivery channels, including sales delivered within the industrial zone, regional shipments and overseas exports, each of which involves different delivery timelines and control-transfer points under IFRS 15. As a result, there is an increased risk that revenue may not be recognised in the appropriate accounting period, particularly for transactions occurring close to year end, including goods in transit and products dispatched shortly before or after the reporting date.	We performed the following procedures: - Obtained an understanding of the Group's revenue recognition processes and delivery terms across different sales channels and assessed their compliance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia. - Performed tests of details and inspected invoices on a sample basis to assess whether revenue was accurately recorded and recognised at the correct price. - Tested sales transactions recorded immediately before and after year end, with specific focus on transactions close to the reporting date. - Inspected shipping documents, delivery confirmations and dispatch records to assess whether revenue was recognised in the appropriate accounting period.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition (continued) Furthermore, the Group focuses on revenue as a key performance measure, which could create an incentive for misstatement of revenue. Based on the above factors and the materiality of the amounts involved, we considered revenue recognition, with particular focus on cut-off, to be a key audit matter. *Refer to Notes 5 and 10 of the accompanying consolidated financial statements for the accounting policy and other information relating to revenue recognition.*	- Inspected a sample of purchase orders to validate that revenue recognition was in accordance with the terms agreed with customers and the Group's revenue recognition policies. - Evaluated the consistency between inventory movements and revenue recognition, including goods in transit at year end. - Assessed the adequacy of the related disclosures in the accompanying consolidated financial statements.

2. Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets As at 31 December 2025, the Group had net carrying amounts of property, plant and equipment, right-of-use assets and intangible assets amounting to ⃁ 896.4 million, ⃁ 12.96 million and ⃁ 3.17 million, respectively (2024: ⃁ 1,280.1 million, ⃁ 23.5 million and ⃁ 15.45 million, respectively). These balances included impairment amounts of ⃁ 729.7 million for property, plant and equipment, ⃁ 14.1 million for right-of-use assets and ⃁ 12.1 million for intangible assets (2024: ⃁ 412.3 million, ⃁ 5 million and ⃁ 2.1 million, respectively). The Group identifies cash-generating units (CGUs) for such non-current assets at the lowest levels for which there are separately identifiable cash inflows.	We performed the following procedures: - Assessed the appropriateness of management's identification of the Group's CGUs, including whether the CGUs were identified at the lowest level for which largely independent cash inflows are generated. - Evaluated management's assessment of impairment indicators for property, plant and equipment, right-of-use assets and intangible assets, including consideration of recent operating performance, market conditions, forecast demand, selling prices, raw material costs and other internal and external factors. - Obtained management's impairment models and reconciled the carrying amounts of the relevant CGUs to the underlying accounting records, including the trial balance and fixed asset register, as applicable.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
2. Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets (continued) The carrying values of these CGUs are reviewed at each reporting date by management to assess whether there are indicators of impairment. Where indicators of impairment exist, management performs an impairment assessment by comparing the carrying amount of the relevant CGU with its recoverable amount, which is the higher of value in use and fair value less costs of disposal. An impairment loss is recognised when the carrying amount exceeds the recoverable amount. For this purpose, management estimated the value in use of the non-current assets related to the Group's CGUs based on business plans approved by the Group's Board of Directors, which reflected management's view of external market conditions and certain key internal variables. For the purpose of the consolidated financial statements for the year ended 31 December 2025, management assessed recent industry developments, forecast demand and pricing for the Group's products, as well as market volatility driven by raw material input costs, as impairment indicators and, accordingly, performed detailed impairment assessments for all the Group's CGUs. Based on the assessment performed, management concluded that the recoverable amounts of non-current assets of certain of the Group's CGUs were lower than their carrying amounts and, accordingly, recorded an impairment loss of ⃁ 336.48 million for the year ended 31 December 2025 (2024: ⃁ 2 million).	- Tested the mathematical accuracy of the value-in-use models and assessed whether the methodology applied by management was consistent with the requirements of IAS 36. - Compared the cash flow forecasts used in the impairment models to the latest business plans approved by the Group's Board of Directors and assessed whether the forecasts were consistent with our understanding of the business, industry developments and other audit evidence obtained. - Evaluated the reasonableness of key assumptions used in the models, including forecast revenue, production volumes, selling prices, input costs, operating margins, capital expenditure, terminal growth rates and discount rates, with reference to historical performance, external market data and other available evidence. In addition, we performed the following procedures: - Performed a retrospective assessment of management's forecasting accuracy by comparing prior-period forecasts with actual results, where relevant, to assess the reliability of management's budgeting process. - Involved our internal valuation specialists to assist in evaluating the reasonableness of the discount rates and terminal growth rates used by management.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
2. Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets (continued) Based on the above factors and the materiality of the amounts involved, we considered the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets to be a key audit matter. *Refer to Notes 5, 16, 17 and 18 of the accompanying consolidated financial statements for the accounting policy and other related information relating to the impairment of non-current assets.*	- Assessed the competence, capabilities and objectivity of the specialists involved and evaluated the appropriateness of their work for purposes of our audit. - Performed sensitivity analyses over the assumptions to which the recoverable amounts were most sensitive, including reasonably possible changes in discount rates, terminal growth rates, forecast margins and cash flows, to assess the impact on available headroom or impairment. - Assessed the adequacy of the related disclosures in the accompanying consolidated financial statements, including disclosures of key assumptions and sensitivities, where applicable.

3. Purchase consideration, claims, disputes and contingent liabilities During 2024, the Group acquired Addar Chemical Company ("ACC") and Global Company for Chemical Industries ("GCI"). The respective share purchase agreements included deferred payments and performance-linked conditions. The purchase consideration liabilities were recognised at fair value at the acquisition date in accordance with IFRS 3, and subsequently remeasured in accordance with the applicable requirements of IFRS 9 and IFRS 13.	Our audit procedures included, among others: - Obtained an understanding of the nature and current status of the claims, disputes and legal proceedings involving the former shareholders of ACC and GCI, including management's assessment of the related accounting implications. - Inspected the relevant share purchase agreements and related contractual provisions, including deferred payment terms and performance-linked conditions, and evaluated management's assessment of those conditions.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
3. Purchase consideration, claims, disputes and contingent liabilities (continued) During the year ended 31 December 2025, the Group was subject to multiple claims and legal proceedings initiated by the certain former shareholders of ACC and GCI. Based on management's assessment and the related disclosures, these claims primarily relate to alleged entitlements to the full purchase consideration under the respective share purchase agreements, as well as amounts paid or guaranteed by the sellers to lenders on behalf of the subsidiaries and claims for compensation for legal damages. Management has disclosed that several cases have been stayed by the Commercial Court in Dammam pursuant to Article 87 of the Law of Procedure before Sharia Courts, due to the existence of related lawsuits. The outcomes of these disputes remain uncertain and depend on future judicial determinations and the interpretation of contractual arrangements, including performance-linked conditions. The determination of the carrying amounts of the purchase consideration and the recognition and measurement of provisions, together with the assessment of any remaining contingent liabilities, involved significant judgement. This included management's assessment of contractual performance conditions, expected settlement amounts, the timing of settlements, the likelihood of future outflows and the interpretation of available external legal advice.	- Evaluated management's accounting for the purchase consideration, including the basis for recognition, subsequent remeasurement and classification under the applicable requirements of IFRS 9 and IFRS 13. - Assessed the valuation inputs and assumptions used in remeasuring the purchase consideration, including expected settlement amounts, timing of settlement and other relevant fair value inputs, and tested the mathematical accuracy of management's calculations. - Obtained and evaluated external legal counsel responses and legal opinions, where available, and considered whether they were consistent with management's assessment of the probability, timing and amount of potential outflows. - Reviewed relevant correspondence with counterparties, courts and legal advisors, and inspected Board and Audit Committee minutes for evidence of developments affecting the claims, disputes and purchase consideration. - Assessed management's recognition and measurement of provisions, and its assessment of contingent liabilities, in accordance with IAS 37, including whether those assessments were supported by available legal evidence and other audit evidence obtained.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
3. Purchase consideration, claims, disputes and contingent liabilities (continued) Given the magnitude of the purchase consideration, provisions and disclosed claims, the level of judgement involved in management's assessment of contractual performance conditions and legal outcomes, and the estimation uncertainty associated with the timing and amount of any future cash outflows, we considered this matter to be a key audit matter. *Refer to Notes 4, 5, 8, 19 and 37 of the accompanying consolidated financial statements for the related information relating to the purchase consideration, claims, disputes and contingent liabilities.*	- Considered subsequent events up to the date of our auditor's report to identify whether there were developments affecting the recognition, measurement or disclosure of the purchase consideration, provisions or contingent liabilities. - Assessed the adequacy of the related disclosures in the consolidated financial statements, including disclosures relating to the purchase consideration, claims, disputes, provisions, contingent liabilities and associated uncertainties.

Other information included in The Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 annual report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2025 annual report 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of 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 has no realistic alternative but to do so.

Those charged with governance i.e. the Audit Committee is 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 judgment 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 for 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 Group's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on Other Legal and Regulatory Requirements

As described in Note 3 to the consolidated financial statements, the Parent Company's accumulated losses exceeded half of its share capital as at the reporting date. Article 132 of the Saudi Arabian Companies Law requires the Board of Directors, within 60 days of becoming aware of such losses, to announce the losses and its recommendations and, within 180 days, to call an extraordinary general assembly meeting to address the solvency matter and consider either measures to address the losses and continue the Parent Company or its dissolution. As at the date of this report, the extraordinary general assembly meeting had not yet been convened.

for Ernst & Young Professional Services

Marwan S. AlAfaliq
Certified Public Accountant
License No. (422)

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سجل تجاري ٢٠٥١٠٥٨٧٩٢
CR.2051058792
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Al Khobar: 15 Muharram 1448H
30 June 2026

	Notes	2025	2024
			Restated Note 38
Revenue	10	**621,933,855**	705,565,164
Cost of sales	11	**(613,883,490)**	(612,262,659)
GROSS PROFIT		**8,050,365**	93,302,505
Selling and distribution expenses	12	**(83,792,374)**	(95,194,517)
General and administrative expenses	13	**(82,068,962)**	(105,137,947)
Other operating expenses, net	14	**(6,359,026)**	(11,024,589)
Impairment loss on other non-current assets	16	**(336,488,430)**	(2,042,223)
Impairment loss on goodwill	19	-	(127,025,483)
OPERATING LOSS		**(500,658,427)**	(247,122,254)
Finance costs	15	**(49,423,097)**	(51,923,229)
Finance income	24	**3,489,477**	11,071,103
Finance costs, net		**(45,933,620)**	(40,852,126)
LOSS BEFORE ZAKAT		**(546,592,047)**	(287,974,380)
Reversal of Zakat / (Zakat expense)	32	**4,405,527**	(4,544,627)
LOSS FOR THE YEAR		**(542,186,520)**	(292,519,007)
<u>Attributable to:</u>			
Equity holders of the Parent Company		**(479,662,530)**	(278,589,455)
Non-controlling interests		**(62,523,990)**	(13,929,552)
LOSS FOR THE YEAR		**(542,186,520)**	(292,519,007)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY	9	**(7.11)**	(4.13)

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 23 June 2026 and were signed on their behalf by:

Syed Sohaib Ahsan	Awadh Fahad Al Waridah	Fahad Fozan Al Shaya
Chief Financial Officer	Chief Executive Officer	Chairman

	Notes	2025	2024
			Restated Note 38
LOSS FOR THE YEAR		**(542,186,520)**	(292,519,007)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Re-measurements gain on employee benefit obligations	28	**2,512,575**	453,965
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**2,512,575**	453,965
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(539,673,945)**	(292,065,042)
Attributable to:			
Equity holder of the Parent Company		**(477,198,149)**	(278,145,745)
Non-controlling interests		**(62,475,796)**	(13,919,297)
		(539,673,945)	(292,065,042)

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 23 June 2026 and were signed on their behalf by:

Syed Sohaib Ahsan	Awadh Fahad Al Waridah	Fahad Fozan Al Shaya
Chief Financial Officer	Chief Executive Officer	Chairman

The attached notes 1 to 39 form an integral part of these consolidated financial statements

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts in ⃁ unless otherwise stated)

	Notes	2025	2024
			Restated Note 38
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	**896,374,950**	1,280,156,156
Right-of-use assets	17	**12,961,725**	23,531,720
Intangible assets	18	**3,168,792**	15,452,755
TOTAL NON-CURRENT ASSETS		**912,505,467**	1,319,140,631
CURRENT ASSETS			
Inventories	21	**90,507,621**	119,763,506
Trade receivables	22	**118,870,541**	157,313,563
Prepayments and other current assets	23	**50,445,797**	52,675,282
Bank balances and cash	24	**111,113,418**	145,428,570
TOTAL CURRENT ASSETS		**370,937,377**	475,180,921
TOTAL ASSETS		**1,283,442,844**	1,794,321,552
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	**674,508,630**	674,508,630
Share premium		**72,850,071**	72,850,071
Statutory reserve	26	**89,161,988**	89,161,988
Accumulated losses		**(551,306,095)**	(74,107,946)
Equity attributable to equity holders of the Parent Company		**285,214,594**	762,412,743
Non-controlling interests	20	**(78,568,875)**	(16,093,079)
TOTAL EQUITY		**206,645,719**	746,319,664
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of long-term borrowings	27.1	**267,503,663**	290,706,603
Lease liabilities	17	**29,320,103**	31,228,740
Employee benefit obligations	28	**79,070,875**	76,110,180
TOTAL NON-CURRENT LIABILITIES		**375,894,641**	398,045,523
CURRENT LIABILITIES			
Current portion of long-term borrowings	27.1	**102,781,400**	278,348,562
Short term borrowings	27.3	-	65,000,000
Current portion of lease liabilities	17	**2,767,018**	2,024,498
Trade payables	29	**89,732,684**	68,581,429
Accruals and other current liabilities	30	**505,232,836**	223,467,570
Zakat provision	32	**388,546**	12,534,306
TOTAL CURRENT LIABILITIES		**700,902,484**	649,956,365
TOTAL LIABILITIES		**1,076,797,125**	1,048,001,888
TOTAL EQUITY AND LIABILITIES		**1,283,442,844**	1,794,321,552

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 23 June 2026 and were signed on their behalf by:

Syed Sohaib Ahsan Chief Financial Officer	Awadh Fahad Al Waridah Chief Executive Officer	Fahad Fozan Al Shaya Chairman

The attached notes 1 to 39 form an integral part of these consolidated financial statements

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in ⃁ unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Retained earnings/ (Accumulated losses)	Sub-total	Non-controlling Interest	Total equity
	Equity attributable to equity holders of the Parent Company						
At 1 January 2024	674,508,630	72,850,071	89,161,988	204,037,799	1,040,558,488	-	1,040,558,488
Loss for the year – (Restated) – Note-38	-	-	-	(278,589,455)	(278,589,455)	(13,929,552)	(292,519,007)
Other comprehensive income for the year - (Restated) - Note 38	-	-	-	443,710	443,710	10,255	453,965
Total comprehensive loss for the year	-	-	-	(278,145,745)	(278,145,745)	(13,919,297)	(292,065,042)
On acquisition of subsidiaries	-	-	-	-	-	(2,173,782)	(2,173,782)
At 31 December 2024	674,508,630	72,850,071	89,161,988	(74,107,946)	762,412,743	(16,093,079)	746,319,664
At 1 January 2025	**674,508,630**	**72,850,071**	**89,161,988**	**(74,107,946)**	**762,412,743**	**(16,093,079)**	**746,319,664**
Loss for the year	-	-	-	**(479,662,530)**	**(479,662,530)**	**(62,523,990)**	**(542,186,520)**
Other comprehensive income for the year	-	-	-	**2,464,381**	**2,464,381**	**48,194**	**2,512,575**
Total comprehensive loss for the year	-	-	-	**(477,198,149)**	**(477,198,149)**	**(62,475,796)**	**(539,673,945)**
At 31 December 2025	**674,508,630**	**72,850,071**	**89,161,988**	**(551,306,095)**	**285,214,594**	**(78,568,875)**	**206,645,719**

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 23 June 2026 and were signed on their behalf by:

Syed Sohaib Ahsan Chief Financial Officer	Awadh Fahad Al Waridah Chief Executive Officer	Fahad Fozan Al Shaya Chairman

The attached notes 1 to 39 form an integral part of these consolidated financial statements

	Notes	2025	2024 Restated Note 38
OPERATING ACTIVITIES			
Loss before zakat		**(546,592,047)**	(287,974,380)
Adjustments to reconcile loss before zakat to net cash flows:			
Depreciation on property, plant and equipment	16	**99,442,068**	109,689,784
Impairment loss on property, plant and equipment	16	**317,380,623**	2,042,223
Impairment of intangible	18	**10,036,786**	-
Impairment loss on right-of-use assets	17	**9,071,021**	-
Impairment of goodwill	19	-	127,025,483
Provision for non-current assets	16	-	7,564,500
Loss on disposal of property, plant and equipment	14	**843,797**	328,828
Depreciation of right-of-use assets	17	**1,498,974**	1,676,835
Amortisation of intangibles	18	**2,247,177**	2,607,854
Finance costs	15	**49,423,097**	51,923,229
Finance income	24	**(3,489,477)**	(11,071,103)
Provision for slow-moving inventories	21	**2,263,050**	13,574,111
Allowance for expected credit losses	22.2	**4,540,891**	2,168,450
Provision for employee benefit obligations	28	**11,257,546**	10,788,505
		(42,076,494)	30,344,319
Changes in operating assets and liabilities:			
Inventories		**26,992,836**	(21,872,900)
Trade receivables		**33,902,130**	(4,376,632)
Prepayments and other current assets		**1,857,225**	(121,897,256)
Trade payables		**21,151,253**	3,016,252
Accruals and other current liabilities		**36,758,946**	139,988,468
Cash generated from operations		**78,585,896**	25,202,251
Finance costs paid on borrowings	27.1	**(23,973,592)**	(40,821,841)
Zakat paid during the year	32	**(7,740,233)**	(15,097,123)
Employee benefit obligations paid	28	**(5,784,276)**	(6,496,922)
Net cash flows from (used in) operating activities		**41,087,795**	(37,213,635)
INVESTING ACTIVITIES			
Proceeds from short-term deposits		-	126,400,000
Additions to property, plant and equipment	16	**(33,885,282)**	(36,523,959)
Additions to intangible assets	18	-	(22,938)
Finance income received on short-term deposits		**3,861,738**	11,379,535
Acquisition of subsidiaries, net of cash acquired	19	-	150,518
Net movement in restricted cash	24	**(15,224,807)**	(34,239,247)
Net cash flows (used in) from investing activities		**(45,248,351)**	67,143,909
FINANCING ACTIVITIES			
Repayments of long-term borrowings	27.1	**(9,369,906)**	(48,244,287)
Repayments of short-term borrowings	27.3	**(32,863,384)**	(62,341,729)
Proceeds from short-term borrowings		-	77,721,034
Repayment of principal portion of lease liabilities	17	**(3,146,113)**	(2,260,532)
Net cash flows used in financing activities		**(45,379,403)**	(35,125,514)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(49,539,959)**	(5,195,240)
Cash and cash equivalents at beginning of the year		**111,189,323**	116,384,563
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	24	**61,649,364**	111,189,323

	Notes	2025	2024
			Restated
SIGNIFICANT NON-CASH TRANSACTION			
Long- and short- term borrowings settled by former shareholders reclassified to other current liabilities	27, 30 & 37	**234,273,338**	-

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 23 June 2026 and were signed on their behalf by:

Syed Sohaib Ahsan Chief Financial Officer	Awadh Fahad Al Waridah Chief Executive Officer	Fahad Fozan Al Shaya Chairman

1. CORPORATE INFORMATION

Methanol Chemicals Company (the "Company") is a joint stock company registered in the Kingdom of Saudi Arabia Operating under unified number 7001342679 having commercial Registration (CR) number 2055001870 issued in Jubail on 28 Dhu al-Hijjah 1409H (1 August 1989). The accompanying consolidated financial statements include the financial statements of the Company, its branch registered in Riyadh under CR No. 2050057828 dated 30 Dhu al-Hijjah 1428H (9 January 2008), and subsidiaries. The registered address of the Company is P.O. Box 2101, Jubail 31951, Kingdom of Saudi Arabia.

These consolidated financial statements cover the Company and the following subsidiaries (together the "Group"):

Name of subsidiaries		***Shareholding (%)***	
		2025	*2024*
		%	%
Addar Chemicals Company	Kingdom of Saudi Arabia	**84**	84
Global company of Chemical Industries	Kingdom of Saudi Arabia	**80**	80
Mdarat Al-Dhara Chemicals Company	Kingdom of Saudi Arabia	**60**	60

Addar Chemicals Company is a limited liability company ("subsidiary" or "ACC"), registered under Commercial Registration no. 1010394736 dated 1 Moharram 1435H (corresponding to 2 December 2013) issued in the city of Riyadh, Kingdom of Saudi Arabia.

Global Company for Chemical Industries Limited is a limited liability company ("subsidiary" or "GCI"), registered under Commercial Registration no. 1010436268 dated 21 Shawwal 1436H (corresponding to 6 August 2015) issued in the city of Riyadh, Kingdom of Saudi Arabia.

Also, refer to Note 19 for additional details pertaining to acquisition of these companies.

Mdarat Al-Dhara Chemicals Company is a limited liability company ("subsidiary"), registered under Commercial Registration no. 2055139917 dated 23 Jumada Al-Ula 1445H (corresponding to 7 December 2023) issued in the city of Al Jubail, Kingdom of Saudi Arabia. On 10 March 2024, Chemanol paid its share of the capital and acquired control of the subsidiary.

GROUP ACTIVITIES

Methanol Chemicals Company (the "Company") along with its subsidiaries (together the "Group") is engaged in the production of Formaldehyde liquid and Urea Formaldehyde liquid or their mixture with different concentrations, Paraformaldehyde, liquid and powder Formaldehyde resins, Hexane Methylene Tetramine, Phenol Formaldehyde resins, concrete improvers, Methanol, Carbon monoxide, Di-methylamine, Mono-methylamine, Trimon-methylamine, Di-methyl Formamide, Di-methyl carbon, Polycarboxylate Ether, Penta Aritheretol, Sodium Formate and Acetaldehyde.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

The consolidated financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except where IFRS requires other measurement basis. Contingent consideration have been measured at fair value. Employees' and other post-employment benefits, actuarial present value calculation is used.

The consolidated financial statements are presented in Saudi Arabian Riyals (⃁), which is the functional and presentation currency of the Group.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern (Note 3).

3. GOING CONCERN BASIS OF ACCOUNTING

The Group reported a net loss of ⃁ 542.2 million for the year ended 31 December 2025 (2024: ⃁ 292.5 million) including the loss relating to the impairment of subsidiaries amounting to ⃁ 336.4 million, with current liabilities exceeding current assets and accumulated losses of the Parent Company exceeding half of its capital as at the reporting date. The Saudi Arabian Companies' Law requires in such situations where accumulated losses exceed half of the Company's capital, the Board of Directors should disclose this matter and shall call for an Extraordinary General Assembly meeting at which the shareholders to consider the continuation of the Parent Company while taking any necessary measures to remedy or settle such losses. Additionally, the Group has not repaid certain loan instalments due by its subsidiaries, which are also non-compliant with specific loan covenants. As a result of this non-compliance, loans amounting to ⃁ 56.2 million (2024: ⃁ 182.7 million) have been classified as current liabilities in the consolidated statement of financial position as at the reporting date (Note 27). Further, during the year, the former shareholders of the subsidiaries have filed legal cases against the Parent Company for the settlement of purchase consideration, guarantor payments for bank facilities and reimbursements of cash injections with total amount of ⃁ 341.2 million (Note 37 (iii)). Furthermore, the Group's products have experienced demand and price declines consistent with industry trends and subsequent to the year end, in view of the geopolitical tensions in parts of the Middle East, the Group has assessed that it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods (Note 38). These events and conditions indicate that material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern.

In order to mitigate the material uncertainties, the Board of Directors and the Group management have continued to take necessary actions to comply with the requirements of the Regulation for Companies and to remedy accumulated losses situation as follows:

(i) The Board of Directors continued to support right issuance of ⃁ 350 million (Note 25). The objectives of the proposed rights issue include supporting the Group's expansion and investment plans and strengthening the Group's liquidity and financial position, reducing reliance on borrowings and associated finance costs. The Board of Directors has initiated the right issue process in parallel to the capital reduction (Note 3 (ii) below) with the objective of completing it during Q4 2026. The right issue is subject to the final approval of the Capital Market Authority ("CMA") and the Parent Company's Extraordinary General Assembly.

(ii) The Board considers the completion of the capital reduction to be a necessary prerequisite to restoring an appropriate capital structure prior to undertaking the rights issue. As disclosed in Note 25, the CMA approved the Parent Company's capital reduction on 7 May 2026. Following the CMA's approval, the Parent Company is in the process of completing the remaining statutory and procedural formalities with the Ministry of Commerce and has called the Extraordinary General Assembly for shareholders' approval on 14 July 2026. Upon completion of the capital reduction and utilization of part of the statutory reserve, all accumulated losses of the Company as of 30 September 2026 are expected to be fully eliminated. The Group will continue to comply with applicable disclosure requirements and will disclose any material developments related to the proposed capital reduction in accordance with relevant laws and regulations.

(iii) As disclosed in Note 37, the Board of Directors has appointed an external legal counsel to advise the directors in (1) legal cases filed by former shareholders of subsidiaries against the Parent Company and (2) legal case filed by the Parent Company against former directors of the Parent Company relating to acquisition of subsidiaries. The Parent Company has been advised by its external legal counsel that, with respect to legal cases disclose in Note 37 (iii)(b) to 37 (iii)(d), based on the information currently available, review of required documents and strong legal ground, it is more likely than not that the Parent Company position will prevail. There is consequently a risk that the subsidiaries' loans and purchase consideration are not settled within the next 12 months. Given the inherent uncertainty of litigation, the absence of final court rulings given the current stay orders, and the potential magnitude of the claims, the outcome and timing of any related cash outflows cannot be determined with sufficient certainty. Accordingly, management has continued to recognize the related liabilities and considers these matters to represent a significant source of uncertainty in its assessment of going concern. While the primary measure of the Parent Company to improve its own liquidity from the measures disclosed in 3 (iv) and 3 (v) below and from the proceeds from a rights issuance, the existing defaults on the subsidiaries' loans, purchase consideration and matters arising from forensic audit and related legal cases may affect the success of this rights issuance plan.

(iv) The Company has a list of ongoing operational improvements and growth capex requirements mainly pertaining to the periodic turnaround maintenance of major plants and other capex projects, which, as per original budget, require a substantial amount to be spent in the coming months. Management mitigates this risk through strict capital governance and sequencing whereby discretionary and non-critical expenditure is deferred where appropriate, while mandatory spending required to maintain safe and reliable operations is protected. In respect of the timing of turnaround and integrity related items, management's assessment is supported by robust technical evaluation and licensor endorsement, and the business continuity assessment assumes that critical expenditure linked to plant reliability are maintained.

3. GOING CONCERN BASIS OF ACCOUNTING (continued)

(v) Given the Group's operating model, liquidity is primarily driven by maximising downstream production consequentially impacting contribution margin and product mix rather than revenue alone, and management monitors contribution margin and operational fixed costs closely at management and Board level. In addition, the Group's management has initiated a WIN transformation program to identify and implement significant cost-reduction, operational improvement and cash optimization measures to manage the Group's cash flows and liquidity position. These measures include:

a. Deferring or cancelling discretionary expenditures;
b. Freezing non-essential recruitment;
c. Reducing non-essential expenditures;
d. Efficiency improvements in production processes;
e. Renegotiating terms of payment with suppliers and customers to improve working capital cycles and implementing enhanced working capital controls (including tighter monitoring of collections, prioritisation of overdue receivables, and active management of inventory and procurement cycles) to protect liquidity;
f. Introduction of additional downstream products to maximize the value across the existing value chain.
g. Exercising the available deferral options under the financing agreement with the lenders and obtaining the necessary consents from the lenders to defer scheduled financing principal instalments for the year 2026 (Notes 27.1.1 and 39); and
h. Entering into a formal payment deferral arrangement with a vendor in relation to amounts payable under a major capital project. The executed agreement provides for the deferral of outstanding and future eligible amounts in accordance with agreed terms, thereby aligning payment obligations with the Group's cash flow profile (Note 39). The underlying capital project is strategically important to securing the Group's long-term methanol offtake arrangements; however, the associated payment deferral arrangements have been structured primarily to support near-term liquidity management. The project continues to progress in line with the agreed timelines, notwithstanding ongoing macroeconomic and external supply chain disruptions and is expected to complete by early 2027.

The ability of the Group to continue its operations is dependent on the successful completion of the planned capital restructuring, including the proposed capital reduction and rights issue which is expected to be completed by Q4 2026. The Board of Directors has reviewed and approved cash flows forecast for the next 12 months from the date of the approval of these financial statements and based on the Group's financial projections and the steps taken above, the Board has assessed its ability to continue as a going concern and is satisfied that the Group's operations shall continue for a foreseeable future. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. 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 returns

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 of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent 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 financial statements 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 profit or loss. Any investment retained is recognised at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

4. BASIS OF CONSOLIDATION (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of consolidated financial statements of the Group are set out below. These policies have been consistently applied to all the years presented.

Revenue from contracts with customers
The Group is in the business of production and sales of formaldehyde liquid and urea formaldehyde liquid or their mixture with different concentrations, paraformaldehyde, liquid and powder formaldehyde resins, hexane methylene tetramine, phenol formaldehyde resins, concrete improvers, methanol, carbon monoxide, di-methylamine, mono-methylamine, trimon-methylamine, di-methyl formamide, di-methyl carbon, penta aritheretol, sodium Formate and acetaldehyde.

The normal credit term is 30 to 90 days upon delivery. at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of goods
The Group recognises revenue when control of the products sold, transfers to the customer, which shall be considered in the context of a five-step approach and applying the applicable pricing terms.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. The Group recognises revenue when control of the goods has transferred, being when the products are delivered to the customer, the customer has full discretion over the use or sale of such goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location as per the terms of the contract, the risks of obsolescence and loss have been transferred to the customer, concluded either upon formal customer acceptance, the expiration of acceptance provisions, or when the Group has objective evidence that all acceptance criteria have been met. Any freight or shipping services provided to customers are considered fulfilment activities rather than separate performance obligations. Consequently, revenue from the sale of goods is recognised on a gross basis (not net of outbound freight costs), and the related freight costs are recognised as expenses (e.g., within selling and distribution) as incurred.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Variable pricing – preliminary pricing
Certain products in certain markets may be sold with variable/provisional pricing arrangements. Such arrangements determine that a preliminary price is charged to the customer at the time of transfer of control of the products while the final price for the products can only be determined by reference to a time period ending after that time. In such cases, and irrespective of the formula used for determining preliminary and final prices, revenue is recorded at the time of transfer of control of the products at an amount representing the expected final amount of consideration that the Group receives. The final price for such arrangements is determined at the end of each reporting period, and the transaction price is updated accordingly to reflect the amount of consideration to which the Group is entitled at that date.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Sale of goods (continued)
Where the Group records an 'trade receivable' for the preliminary price, subsequent changes in the estimated final price shall not be recorded as revenue until such point in time at which the actual final price is determined (as long as these changes result from changes in the market price/market price index of the products). They may however be considered in subsequent re-measurement as a financial asset at fair value. Such re-measurement may be recorded as a separate revenue. Where such pricing adjustments arise after recognition of a trade receivable and relate to movements in market price or market price indices, they are reflected through the subsequent measurement of the related financial asset.

All other updates to the preliminary price is recorded against revenue with the additional receivable amount recorded under a contract asset or contract liability. Such contract asset or liability is derecognised against trade receivable at the point in time at which the actual final price is determined.

Finance income
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss. Earnings on murabaha deposits are recognised on an accrual basis.

Expenses
Costs of sales
All expenses are recognised on an accrual basis. All operational expenses directly relating to the product sold are classified as cost of sales. All other remaining expenses are either presented as general and administrative expenses or selling and distribution expenses.

General and administrative expenses
These pertain to operation expenses which are not directly related to the product sold. These also include allocations of general overheads which are not specifically attributed to cost of product sold.

Selling and distribution expenses
These pertain to operation expenses which are directly relating to the selling and distribution activities such as freight cost, sales commission, sales employee related expenses, etc.

Allocation of overheads between cost of sales, general and administrative and selling and distribution expenses, where required, is made on factors determined by the management and applied on a consistent basis.

Zakat and tax
Zakat
Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority ("the ZATCA") in the Kingdom of Saudi Arabia. Zakat provision is charged to the consolidated statement of profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Withholding tax
The Group withholds taxes on certain transactions with non-resident parties in the KSA, as required under Saudi Arabian Income Tax Law.

Value added tax
Expenses and assets are recognised net of the amount of value added tax, except:
- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Earnings per share
Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account after zakat and other financing costs associated with dilutive potential ordinary shares, and weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are charged to profit or loss in the period in which they are incurred.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include expenditure that is directly attributable to acquisition of the assets and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises and depreciates them separately based on its specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Group expects their useful life to be more than one year. Catalysts are treated as capital spares and are depreciated as and when put into use.

Depreciation is calculated from the date the item of property, plant and equipment are available for intended use or in respect of self-constructed assets, from the date such assets are completed and ready for the intended use.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Buildings and leasehold improvements	5 to 33 years, or lease term, whichever is lower
Plant, machinery and equipment	3 to 35 years
Furniture, fixture and office equipment	3 to 10 years
Vehicles	4 years

Planned turnaround costs are deferred and depreciated over the period until the date of the next planned turnaround. Should an unexpected turnaround occur prior to the previously envisaged date of planned turnaround, the previously undepreciated costs are immediately expensed, and the new turnaround costs are depreciated over the period until the date of the next planned turnaround.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively in case of a significant change in the assets technological capabilities or estimated planned use, at each financial year-end.

Assets in the course of construction or development are capitalized in as construction-in-progress account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment, once the asset is in a location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of construction-in-progress comprises its purchase price, construction/development cost and any other cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Construction-in-progress is not depreciated.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)
i) Right-of-use assets (continued)
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

- Land 17 to 50 years
- Warehouses and storage tanks 3 to 7 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The Group applies IAS 36 "Impairment of Assets" to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included as a separate line in the consolidated statement of financial position.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives which are between 4 to 20 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials, consumables and spare parts: purchase cost on weighted average basis.

- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision for slow-moving inventories are made considering various factors including age of the inventory items, historic usage and expected utilisation in future.

Provision for inventory obsolescence
When inventories become old or obsolete, an estimate is made for their net realisable value. For individually significant amounts, this amount is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively, and an allowance applied according to the inventory type and degree of ageing or obsolescence.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are charged to consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are also tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – Initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)
This category is most relevant to the Group. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost principally includes trade receivables.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – Initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)
Financial assets designated at fair value through OCI (equity instruments) (continued)
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

The Group does not have any equity investments to be classified under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either;
    a) The Group has transferred substantially all the risks and rewards of the asset, or
    b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the related financial assets. The amount of loss is charged to profit or loss.

The loss rates are based on probability of default based on historical trends relating to collections of Group's trade receivables. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the expected weighted average rate of increase in inflation for the upcoming year in the regions where its sales are concentrated as the most relevant factor and accordingly, adjusts the loss rates based on such expected changes.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – Initial recognition and subsequent measurement (continued)

Financial assets (continued)

Impairment of financial assets (continued)
Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Group, or other observable data indicating that the Group is unlikely to recover the outstanding balance in full. While receivables that are significantly past due may indicate increased credit risk, write-off is not determined solely based on a specified aging period but requires a case-by-case assessment of recoverability..

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

While cash and cash equivalents and other receivables are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, accruals, other current liabilities, and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing borrowings.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – Initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and net amounts are reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the assets and liabilities simultaneously.

Trade receivables
Trade receivables are carried at the transaction price related to a performance obligation less allowance for expected credit losses on trade receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using effective interest rate method.

Short-term deposits
Short-term deposits include placements in Murabaha deposits with banks and other short-term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition. Short-term deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence a provision, if material, is recognised at an amount equal to twelve months' expected credit loss, unless there is evidence of significant increase in credit risk of the counter party.

Bank balances and cash
Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Bank overdrafts, if any, are shown within borrowings under current liabilities in the consolidated statement of financial position. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude balances that are subject to restrictions and not available for general use.

Share capital
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Employee benefit obligations
Employees' defined benefit plan
The Group operates a single post-employment benefit scheme of defined benefit plan driven by the labour laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefit scheme is not funded. Valuation of the obligations under the plan is carried out by an independent actuary based on the projected unit credit method. The costs relating to such plan primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits and unwinding of the liability at discount rates used are charged to profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income and transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Employee benefit obligations (continued)
Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are charged to profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labour laws of the Kingdom of Saudi Arabia.

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and other allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits in accruals and other current liabilities.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Foreign currencies
Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in "Saudi Riyals", which is the Group's presentation as well as functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Cash dividend and non-cash distribution to equity holders of the Group
The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in the KSA, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and which are reviewed by the Chief Operating Decision Maker of the Group.

The Board of Directors of the Group have appointed a Managing Director, who assesses the financial performance and position of the Group and makes strategic decisions. Managing Director has been identified as being the Chief Operating Decision Maker.

Fair value measurement
The Group measures financial instruments and non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Contingencies
Contingent liabilities are not recognised in the consolidated statement of financial position. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in consolidated statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

6. CHANGES IN MATERIAL ACCOUNTING POLICES

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21
For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies 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 did not have a material impact on the Group's financial statements.

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7
In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11
In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Group does not expect that the amendments will have a material impact on its consolidated financial statements.

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity IFRS as endorsed in the Kingdom of Saudi Arabia requires management to make judgements estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Impairment of property, plant and equipment
Management tests assets or CGUs for impairment whenever impairment indicators exist. Among others, the events or changes in circumstances which could indicate that an asset or CGUs may be impaired mainly include the following:
- A significant decrease in the market prices of Group's products;
- A significant change in the extent or manner in which an asset is being used or in its physical condition including a significant decrease in current and projected sales volumes; and
- A current-period operating loss combined with a history and forecast of operating losses.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The value-in-use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Future events could cause the estimates used in these value-in-use calculations to change adversely with a consequent effect on the future results of the Group.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Useful lives of property, plant and equipment and intangible assets
The management of the Group determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows.

Management's estimates related to provisions for environmental matters are based on the cost required for clean-up and land levelling. In determining the fair value of the provision, assumptions and estimates are made in relation the expected cost to dismantle and remove the plant from the site in order to remediate the environmental damage caused and the expected timing of those costs. The carrying amount of the provision as at 31 December 2025 was ⃁ Nil (2024: ⃁ Nil). The Group estimates that the costs would be realised in 10 years' time and calculates the provision if any using the DCF method.

In regards to the recognition and measurement of provisions for legal cases, management is required to assess whether the Group has a present legal or constructive obligation arising from past events, whether an outflow of economic benefits is probable, and whether a reliable estimate of the obligation can be made. In determining the appropriate provision, management considered the status of ongoing litigation, contractual terms of the relevant sale and purchase agreements, external legal advice, preliminary court decisions, and the potential range of outcomes. The provisions are measured at the best estimate of the expenditure required to settle the present obligations at the reporting date and are subject to significant estimation uncertainty, as the timing and amount of any future cash outflows depend on judicial outcomes that are inherently uncertain. Changes in assumptions or legal developments may result in material adjustments to the amounts recognised in future periods.

Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 22.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Determining the lease term of contracts with renewal and terminations options
The Group determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination clauses. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Valuation of defined benefit obligations
Employee terminal benefits represent obligations that will be settled in the future and require assumptions to project obligations and fair values. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates and employment turnover. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred. Further details about employee benefit are provided in Note 28.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of value-in-use for both CGUs is most sensitive to the following assumptions:
- Projected cash flows using approved five-year business plan;
- Cash flows beyond the explicit five-year forecast period are extrapolated via a terminal value calculation over the remaining estimated useful life of the plants, using a growth rate of 2%.
- The discount rate used was approximately 11.4% based on pre-tax weighted average cost of capital; and
- Expected product prices over the period considered for assessment based on the management best estimate

Fair value measurement of contingent considerations
Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (Note 19). The contingent consideration is classified as other financial liability (Note 30).

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Classification of outbound freight costs

Management has exercised judgement in determining the appropriate presentation of outbound freight costs incurred in delivering goods to customers. The classification of such costs depends on the nature of the entity's performance obligations and the point at which control of goods transfers to customers. IFRS as endorsed in KSA does not prescribe whether distribution (freight-out) costs must be included in cost of sales, leaving this as a matter of management judgement. Management considered that outbound freight is incurred after completing the production process (i.e., after goods are manufactured and in a saleable condition at the agreed transfer point) and is incurred solely to deliver finished products to customers. It does not contribute to bringing inventories to their condition or location for sale. Accordingly, management judged that these freight costs are best treated as a fulfilment cost and presented as part of selling and distribution expenses, rather than being included in cost of sales. Accordingly, classifying freight costs within selling and distribution expenses is considered to provide more relevant information to users of the financial statements by reflecting the function of these costs within the Company's operations.

Principal vs Agent Revenue Recognition

The Group applies judgment in determining whether it acts as a principal or an agent in arrangements involving the purchase and resale of goods. This assessment focuses on whether the entity obtains control of the goods prior to their transfer to customers, including consideration of factors such as transfer of legal title and physical possession, responsibility for inventory while in custody, and the entity's role in directing the use of the goods and executing sales to customers. Management also evaluates the nature of the pricing mechanism, including whether variability in consideration represents an adjustment to the purchase price or a commission for arranging a transaction. Based on the evaluation of these factors in substance, where the entity controls the goods prior to transfer and operates in a manner consistent with a distributor, revenue is recognised on a gross basis reflecting the full consideration from customers; otherwise, revenue is recognised on a net basis limited to the fee or commission earned.

9. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic, and diluted earnings per share are identical.

	2025	2024 (Restated)
Loss for the year	**(479,662,530)**	(278,589,455)
Weighted average number of shares *	**67,450,863**	67,450,863
Loss per share	**(7.11)**	(4.13)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements (see also Note 25).

10. REVENUE

The Group's entire revenue is generated from the sale of petrochemical products which is recognised at a point in time.

	2025	2024 (Restated)
Geographical markets:		
Local sales (within the Kingdom of Saudi Arabia)	**253,335,588**	229,796,631
Exported sales outside the Kingdom of Saudi Arabia		
- Republic of India	**71,274,190**	131,263,663
- United Arab Emirates	**62,696,966**	65,534,551
- Federal Republic of Nigeria	**33,652,384**	20,262,400
- Republic of Chile	**25,779,840**	18,858,113
- State of Kuwait	**12,320,727**	23,251,317
- Others	**162,874,160**	216,598,489
	621,933,855	705,565,164

The Group does not expect to have any contracts where the period between the transfer of goods to the customer and payment by the customer exceeds one year, and accordingly, the transaction prices are not adjusted for the time value of money.

As per the contracts with the customers, there is no financing, non-cash consideration or consideration payable to customers involved in transaction price.

There were no significant returns, refunds and warranties provided by the Group on sale of its products. The contract liability balance only relates to advances from customers as at 31 December 2025 and 2024.

Revenue recognised, during the year, that was included in the contract liability (advance from customers) at the beginning of the year ended 31 December 2025 amounted to ⃁ 7.5 million (2024: ⃁ 12.7 million).

11. COST OF SALES

	Notes	**2025**	2024
Raw materials and consumables used		**329,369,712**	307,831,493
Salaries, wages and benefits		**144,580,509**	146,159,241
Depreciation on property, plant and equipment	16	**97,167,472**	107,327,515
Repairs and maintenance		**24,754,241**	20,224,694
Insurance		**11,120,023**	12,539,752
Inventory provision	21	**2,263,050**	13,574,111
Government charges		**1,506,889**	521,427
Depreciation on right-of-use assets	17	**1,498,974**	1,676,835
Amortisation of intangible assets	18	**688,213**	688,215
IT expenses		**486,991**	314,931
Travel expenses		**180,197**	290,237
Communication expenses		**35,142**	34,180
Professional fees		**2,550**	81,684
Others		**229,527**	998,344
		613,883,490	612,262,659

12. SELLING AND DISTRIBUTION EXPENSES

	Note	**2025**	2024
Freight cost		**59,208,309**	71,743,635
Salaries, wages and benefits		**10,147,370**	10,172,752
Custom and other charges		**12,671,226**	8,894,479
Trade insurance		**343,113**	902,029
Depreciation on property, plant and equipment	16	**59,827**	61,474
Sales commission		**15,549**	294,289
Others		**1,346,980**	3,125,859
		83,792,374	95,194,517

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	**2025**	2024
Salaries, wages and benefits		**38,826,597**	40,214,289
Information and technology consultancy services		**12,458,851**	11,380,037
Professional and legal fees		**10,107,213**	20,575,223
Board of directors' remuneration	31	**5,691,959**	7,945,657
Allowance for expected credit losses	22.2	**4,540,891**	2,168,450
Rent		**2,304,257**	1,844,527
Depreciation on property, plant and equipment	16	**2,214,769**	2,300,795
Amortisation of intangible assets	18	**1,285,234**	1,280,934
Repairs and maintenance		**624,030**	1,048,119
Travel and airfares		**513,335**	430,693
Others		**3,501,826**	15,949,223
		82,068,962	105,137,947

14. OTHER OPERATING EXPENSES, NET

	Notes	**2025**	2024 (Restated)
Provision for other assets	16	-	7,564,500
Bank charges		**2,374,330**	2,980,071
Loss on disposal of property, plant, and equipment		**843,797**	328,828
Loss (gain) on scrap sales		**1,962,458**	(358,738)
Amortisation of intangible assets	18	**273,730**	638,705
Other expenses (income), net		**904,711**	(128,777)
		6,359,026	11,024,589

15. FINANCE COSTS

	Notes	**2025**	2024 (Restated)
Finance costs on borrowings	27	**33,031,368**	41,178,173
Amortisation of transaction costs	27	**1,305,052**	4,189,659
Finance costs on lease liabilities	17	**1,979,996**	1,699,515
Others *		**13,106,681**	4,855,882
		49,423,097	51,923,229

* Other finance costs includes the fair value adjustment of ⃁ 9.0 million (2024: ⃁: 4.7 million) as a result of the remeasurement of the purchase consideration at fair value (Notes 19 and 30).

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Plant, machinery and equipment	Furniture, fixtures and office equipment	Planned turnaround costs	Vehicles	Construction-in-progress	Total
Cost							
At 1 January 2025	419,845,906	3,147,709,132	28,444,339	36,460,720	2,437,962	29,143,531	3,664,041,590
Additions during the year	-	16,743,774	183,616	-	-	16,957,892	33,885,282
Transfers	-	2,710,537	-	-	-	(2,710,537)	-
Disposals	(826,380)	(6,214,771)	(342,100)	-	(541,910)	-	(7,925,161)
Impairment (e)	(59,251,956)	(313,564,957)	(2,127,361)	-	(128,090)	-	(375,072,364)
At 31 December 2025	**359,767,570**	**2,847,383,715**	**26,158,494**	**36,460,720**	**1,767,962**	**43,390,886**	**3,314,929,347**
Accumulated depreciation and impairment							
At 1 January 2025	215,632,050	2,108,252,918	21,871,991	36,025,516	2,102,959	-	2,383,885,434
Charge for the year	9,164,694	87,811,973	1,832,315	435,204	197,882	-	99,442,068
Related to disposals	(426,963)	(6,072,856)	(176,756)	-	(404,789)	-	(7,081,364)
Impairment (e)	(5,872,975)	(49,795,566)	(1,895,110)	-	(128,090)	-	(57,691,741)
At 31 December 2025	**218,496,806**	**2,140,196,469**	**21,632,440**	**36,460,720**	**1,767,962**	-	**2,418,554,397**
Net book value							
As at 31 December 2025	**141,270,764**	**707,187,246**	**4,526,054**	-	-	**43,390,886**	**896,374,950**

Depreciation charge has been allocated as follows:

	2025	2024
Cost of sales (Note 11)	**97,167,472**	107,327,515
Selling and distribution expenses (Note 12)	**59,827**	61,474
General and administration expenses (Note 13)	**2,214,769**	2,300,795
	99,442,068	109,689,784

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and leasehold improvements	Plant, machinery and equipment	Furniture, fixtures and office equipment	Planned turnaround costs	Vehicles	Construction-in-progress	Total
Cost							
At 1 January 2024	359,450,388	2,806,108,785	20,826,333	67,445,283	3,317,860	38,223,180	3,295,371,829
Additions during the year	337,058	17,815,512	2,722,570	-	-	15,648,819	36,523,959
Transfers	806,505	13,453,703	2,903,760	-	-	(17,163,968)	-
Transfer on acquisition	59,251,955	313,070,888	2,114,952	-	128,092	-	374,565,887
Disposals	-	(2,739,756)	(123,276)	(30,984,563)	(1,007,990)	-	(34,855,585)
Adjustment (Note 14)	-	-	-	-	-	(7,564,500)	(7,564,500)
At 31 December 2024	419,845,906	3,147,709,132	28,444,339	36,460,720	2,437,962	29,143,531	3,664,041,590
Accumulated depreciation and impairment							
At 1 January 2024	201,626,574	1,981,704,227	18,372,520	62,058,419	2,658,357	-	2,266,420,097
Charge for the year	10,473,403	92,050,478	2,034,620	4,951,658	179,625	-	109,689,784
Transfers on acquisition	3,532,073	35,014,107	1,588,127	-	125,780	-	40,260,087
Related to disposals	-	(2,558,117)	(123,276)	(30,984,561)	(860,803)	-	(34,526,757)
Impairment (e)	-	2,042,223	-	-	-	-	2,042,223
At 31 December 2024	215,632,050	2,108,252,918	21,871,991	36,025,516	2,102,959	-	2,383,885,434
Net book value							
As at 31 December 2024	204,213,856	1,039,456,214	6,572,348	435,204	335,003	29,143,531	1,280,156,156

16. PROPERTY, PLANT AND EQUIPMENT (continued)

a) Construction-in-progress balance as at 31 December 2025 principally represents costs incurred on certain site improvements and expansion projects. The Group expects such projects to be completed during 2026 to 2027.

b) The Group's production facilities are constructed on parcels of land leased from the Royal Commission for Jubail and Yanbu (the "Royal Commission") at annual rent for the periods ranging from 10 to 30 Hijri years with an option to renew on similar terms upon expiry.

c) The accumulated impairment as at 31 December 2025 amounts to ⃁ 729.7 million (2024: ⃁: 412.3 million).

d) The Group's property, plant and equipment with the net book value of ⃁ 896.4 million (2024: ⃁ 1,280.1 million) are mortgaged against the long-term borrowings (Note 27).

e) Impairment loss

The Group is involved in the production of various chemicals through its production sites. Sites relating to subsidiaries are located on separate sites, and those are considered as separate CGUs. During the year ended 31 December 2025, due to several adverse indicators since the most recent recoverable amount calculation, the management of the Group determined that there is objective evidence that the carrying values of certain CGUs exceeded its recoverable amounts. The Group calculated the amount of impairment as the difference between the recoverable amount of each CGUs and its carrying value and recognised an impairment loss amounting to ⃁ 336.5 million in the consolidated statement of profit or loss. The recoverable amount has been determined based on a value-in-use calculation using the revised cash flow projections from financial budgets approved by the board and management of the subsidiaries covering a five-year period. The events that have occurred and circumstances that have changed since the most recent recoverable amounts calculation that caused a reduction in the estimate of recoverable amounts included:

- Noticeable decline in the market demand for the Group's few products, impacting the revenue forecasts across CGUs, mainly relating to subsidiaries.
- Decline in the prices of key products in global markets, negatively affecting the expected future cash flow and margins of the affected CGUs.
- Operational and production challenges at certain plants, including periods of unplanned downtime, reduced utilisation rates, and efficiency constraints, which adversely affected production volumes and the ability of the affected CGUs to generate forecast cash inflows.
- The Parent Company resolution to cease providing support to negatively impacted CGUs, raising significant impact over projected cash inflows of respective CGUs without a commitment toward future cash outflows that will improve or enhance the asset's performance of these CGUs.

Breakdown of carrying amounts, recoverable amounts and resultant impairment loss were as follows:

	31 December 2025				
	Carrying amount of assets acquired	**Goodwill**	**Total**	**Recoverable amount (value-in-use)**	**Impairment loss**
Cash-Generating Unit (CGUs)					
ACC	**251,572,886**	**-**	**251,572,886**	**-**	**(251,572,886)**
GCI	**84,915,544**	**-**	**84,915,544**	**-**	**(84,915,544)**
Total	**336,488,430**	**-**	**336,488,430**	**-**	**(336,488,430)**

16. PROPERTY, PLANT AND EQUIPMENT (continued)

e) Impairment loss (continued)

Impairment loss in each of the years has been allocated as follows:

	2025	2024
Property, plant and equipment – (ACC & GCI)	**317,380,623**	-
Intangible assets (Note 18) – (ACC and GCI)	**10,036,786**	-
Right-of-use assets (Note 17) – (ACC and GCI)	**9,071,021**	-
Property, plant and equipment – (Parent Company)	-	2,042,223
	336,488,430	2,042,223

The estimates and assumptions used by the Group's management for the value-in-use calculations were as follows:

- Projected cash flows using approved five-year business plans;
- The discount rate used was approximately 11.4% based on pre-tax weighted average cost of capital;
- A growth rate of 2% considered to project certain cash flows beyond the period covered by the five-year business plans; and
- Expected product prices over the period considered for management's assessment.

Sensitivity analysis of ACC and GCI
Management has performed sensitivity analyses around the key estimates and assumptions used in the impairment assessment. Given that the investment is fully impaired, management determined that reasonably possible favourable changes in key assumptions would reduce the impairment loss but would not result in a reversal of the impairment recognised. The results of the sensitivity analysis are presented below:

- A 1% decrease in the discount rate would reduce the impairment by ⃁ 7 million.
- An increase in the growth rate during the forecast period by 2% would reduce the impairment loss by ⃁ 3.9 million.
- A 2% increase in sales prices would reduce the impairment loss by ⃁ 2.1 million.

Sensitivity analysis of Parent Company – partially impaired CGUs
The Group has performed an impairment assessment for Cash-Generating Units (CGUs), primarily FD and MD, and concluded that no indicators of further impairment exist. Notwithstanding the absence of impairment triggers, management has proactively performed a sensitivity analysis on these units. The results of this sensitivity analysis are presented below:

- A 1% increase in the discount rate would not result in any impairment.
- A 20% decrease in selling volume would not result in any impairment.
- A 10% decrease in selling prices would not result in any impairment.

In all the above scenarios, the recoverable amount of the CGUs remains in excess of their carrying amounts, and no impairment is required.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Sensitivity analysis of Parent Company – Fully impaired CGUs

The CGUs that were fully impaired in the prior years, management determined that reasonably possible changes in key assumptions would not result in a reversal of the impairment recognised. The recoverable amounts of all other CGUs were higher than their carrying amounts as at the reporting date.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Land	**Pipeline and storage tanks**	**Total**
2025			
Cost			
1 January	**34,705,603**	**3,846,358**	**38,551,961**
Impairment (Note 16.e)	**(10,671,783)**	**-**	**(10,671,783)**
At 31 December 2025	**24,033,820**	**3,846,358**	**27,880,178**
Accumulated depreciation and impairment			
At 1 January 2025	**11,625,716**	**3,394,525**	**15,020,241**
Charge for the year	**1,137,879**	**361,095**	**1,498,974**
Impairment (Note 16.e)	**(1,600,762)**	**-**	**(1,600,762)**
At 31 December 2025	**11,162,833**	**3,755,620**	**14,918,453**
Net book value			
As at 31 December 2025	**12,870,987**	**90,738**	**12,961,725**

	Land	Pipeline and storage tanks	Total
2024			
Cost			
1 January	25,712,372	3,846,358	29,558,730
Acquisition (Note 19)	10,671,784	-	10,671,784
Termination	(1,678,553)	-	(1,678,553)
At 31 December 2024	34,705,603	3,846,358	38,551,961
Accumulated depreciation and impairment			
At 1 January 2024	10,921,350	3,033,430	13,954,780
Charge for the year	1,315,740	361,095	1,676,835
Acquisition (Note 19)	1,067,178	-	1,067,178
Termination	(1,678,552)	-	(1,678,552)
At 31 December 2024	11,625,716	3,394,525	15,020,241
Net book value			
As at 31 December 2024	23,079,887	451,833	23,531,720

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities:

	2025	2024
As at 1 January	**33,253,238**	21,343,503
Transfers on acquisition (Note 19)	**-**	12,470,752
Finance costs (Note 15)	**1,979,996**	1,699,515
Repayments	**(3,146,113)**	(2,260,532)
As at 31 December	**32,087,121**	33,253,238

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2025	2024
Non-current liabilities	**29,320,103**	31,228,740
Current liabilities	**2,767,018**	2,024,498
	32,087,121	33,253,238

Maturity profile of lease liabilities is disclosed in Note 34.

i) The accumulated impairment as at 31 December 2025 amounts to ⃁ 14.1 million (2024: ⃁ 5 million).

ii) Other amounts recognised in consolidated statement of profit and loss

Expense relating to short-term and low-value leases (included in selling and marketing and general and administrative expenses) recognised during the year ended 31 December 2025 amounted to ⃁ 3.7 million (2024 ⃁ 3.8 million).

The total cash outflow for leases in 2025 was ⃁ 6.8 million (2024: ⃁ 6.1 million).

iii) Additional information about the Group's leasing activities

The Group has leases in respect of various parcels of land, a warehouse facility and a storage tank. Rental contracts are typically made for fixed periods but may have extension options. Extension and termination options are included to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by mutual agreement of the Group and the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

Low-value assets mainly comprise computer and technology, and other equipment.

18. INTANGIBLE ASSETS

	Computer software	**Payment to acquire contractual rights of pipeline**	**Customer relations related to GCI**	**Total**
2025				
Cost				
1 January	26,619,914	15,750,000	10,949,221	53,319,135
Impairment (16.e)	-	-	(10,949,221)	(10,949,221)
31 December	**26,619,914**	**15,750,000**	**-**	**42,369,914**
Accumulated amortisation				
1 January	24,596,176	12,631,499	638,705	37,866,380
Charge for the year	1,406,447	567,000	273,730	2,247,177
Impairment (16.e)	-	-	(912,435)	(912,435)
31 December	**26,002,623**	**13,198,499**	**-**	**39,201,122**
Net book value				
31 December 2025	**617,291**	**2,551,501**	**-**	**3,168,792**

Amortisation charge has been allocated as follows:

	2025	2024
Cost of sales (Note 11)	**688,213**	688,215
General and administration expenses (Note 13)	**1,285,234**	1,280,934
Other operating expenses, net (Note 14)	**273,730**	638,705
	2,247,177	2,607,854

	Computer software	Payment to acquire contractual rights of pipeline	Customer relations related to GCI	Total
2024				
Cost				
1 January	29,150,809	15,750,000	-	44,900,809
Additions during the year	22,939	-	-	22,939
Disposal during the year	(2,553,834)	-	-	(2,553,834)
Transfers on acquisition (Note 19)	-	-	10,949,221	10,949,221
31 December	26,619,914	15,750,000	10,949,221	53,319,135
Accumulated amortisation				
1 January	25,747,861	12,064,499	-	37,812,360
Charge for the year	1,402,149	567,000	638,705	2,607,854
Disposal during the year	(2,553,834)	-	-	(2,553,834)
31 December	24,596,176	12,631,499	638,705	37,866,380
Net book value				
31 December 2024	2,023,738	3,118,501	10,310,516	15,452,755

The accumulated impairment as at 31 December 2025 amounts to ⃁ 12.1 million (2024: ⃁ 2.1 million).

19. BUSINESS COMBINATION

19.1 Acquisition of ACC

a) Initial recognition

On 2 November 2023, Chemanol entered into an agreement with 5 existing shareholders of Addar Chemicals Company ("Subsidiary" or "ACC"), pursuant to which Chemanol has agreed to acquire 84% shareholding in ACC. Addar Chemicals Company (A Limited Liability Company), registered under Commercial Registration no. 1010394736 dated 1 Moharram 1435H (corresponding to 2 December 2013) issued in the city of Riyadh, Kingdom of Saudi Arabia. This acquisition is considered to be a related party transaction as disclosed in Note 31 (c).

The acquisition was subject to certain pre-conditions to be met before the control is transferred to the Chemanol. On 25 February 2024, all pre-conditions were met, and Chemanol acquired the control of ACC and legal formalities have been completed. In addition, loans and Murabaha were secured by the personal guarantees of sellers (Note 27).

The acquisition has been accounted for using the acquisition method under *IFRS 3 – Business Combinations*. The Group has elected to measure the non-controlling interests as a proportion of the net assets acquired.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities at the acquisition date (25 February 2024) were as follows:

	⃁
Assets	
Property, plant and equipment	264,814,000
Trade receivables	6,644,764
Inventories	3,388,291
Prepayments and other receivable	4,028,555
Right-of-use assets	1,782,788
Bank balances and cash	1,178,446
	281,836,844
Liabilities	
Loans & Murabaha	226,693,760
Short term loans	26,896,268
Accruals and other current liabilities	31,785,380
Loan from partners	15,393,419
Trade payables	13,327,546
Lease liabilities	1,965,789
Employees' defined benefits liabilities	1,255,108
Zakat provision	388,546
	317,705,816
Total identifiable net assets	(35,868,972)
Purchase consideration	30,946,718
Non-controlling interest (16% of identifiable net assets)	(5,739,036)
Less: Identifiable net assets	35,868,972
Goodwill arising on acquisition	61,076,654

The Group utilized the financial position of the ACC as of Feb month-end date, e.g., February 29, 2024 as a proxy for the actual acquisition date of February 25, 2024, to determine the fair values of the identifiable assets acquired and liabilities assumed. Management has assessed the net activity and market movements between these dates and concluded that the impact of utilizing month-end financial information instead of balances at the precise acquisition date is immaterial to the consolidated financial statements taken as a whole.

The acquisition date fair value of the trade receivables amounts to ⃁ 6.64 million. The gross amount of trade receivables is ⃁ 6.64 million and it is expected that the full contractual amounts can be collected.

19. BUSINESS COMBINATION (continued)

19.1 Acquisition of ACC (continued)

a) Initial recognition (continued)
The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The goodwill of ⃁ 61 million comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. Due to the contractual terms imposed on acquisition, the customer list is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under IAS 38.

From the date of acquisition, ACC contributed ⃁ 10.2 million of revenue and ⃁ 43.1 million to loss before zakat from continuing operations of the Group for the year ended 31 December 2024 If the combination had taken place at the beginning of the year, revenue from continuing operations would have been ⃁ 13.5 million and loss before zakat from continuing operations for the Group would have been ⃁ 49 million for the year ended 31 December 2024.

For the year ended 31 December 2024, the consolidated financial statements included the results of ACC for the period from the acquisition date to 31 December 2024.

b) Purchase consideration
In addition to the above, as per the sale purchase agreement, the following key financial and non-financial information may have a significant impact on the fair value of consideration and may resulting in purchase consideration:

- Settlement of purchase consideration is agreed on 5 instalments subject to achieving defined key performance milestones inclusive of production milestones, capacity utilisation, annual gross revenues etc. within a maximum period of 12 months from the date of final closing date i.e. acquisition date. In the event the ACC fails to achieve any of the performance indicators/milestones, the purchase price shall be revised, accordingly.

- The purchase price may also be subject to reduction in case the aggregate liabilities of the ACC exceed a sum defined and agreed as per agreement on a defined date.

As at 31 December 2025 and 31 December 2024, the purchase consideration liability was remeasured at fair value.

c) Analysis of cash flows on acquisition

	⃁
Net cash and bank balances in subsidiary acquired (included in cash flows from investing activities)	1,178,446
Consideration paid *	(2,310,000)
Consideration payable **	(28,636,718)
Net cash flow on acquisition	(29,768,272)

* Consideration paid amounts of ⃁ 2.31 million paid in 2023.

** The resulting adjustment for change in fair value of purchase consideration payable was recognised in the consolidated statement of profit or loss with corresponding credit to other payables (Notes 15, 30 and 37).

19. BUSINESS COMBINATION (continued)

19.2 Acquisition of GCI

a) Initial recognition

On 19 May 2024, Chemanol entered into an agreement with 5 existing shareholders of Global Company for Chemical Industries Ltd. ("Subsidiary" or "GCI"), pursuant to which Chemanol has agreed to acquire 80% shareholding in GCI. Global Company for Chemical Industries Ltd. (A Limited Liability Company), registered under Commercial Registration no. 1010436268 dated 21 Shawwal 1436H (corresponding to 6 August 2015) issued in the city of Riyadh, Kingdom of Saudi Arabia. This acquisition is considered to be a related party transaction as disclosed in Note 31 (c).

The acquisition was subject to certain pre-conditions to be met before the control is transferred to Chemanol. On 29 May 2024, all pre-conditions were met, and Chemanol acquired the control of GCI and legal formalities have been completed. In addition, the loans and Murabaha were secured by the personal guarantees of sellers (Note 27).

The acquisition has been accounted for using the acquisition method under *IFRS 3 – Business Combinations*. The Group has elected to measure the non-controlling interests as a proportion of the net assets acquired.

Assets acquired and liabilities assumed

The fair value of assets acquired, and liabilities assumed at the acquisition date (29 May 2024) were as follows:

	⃁
Assets	
Property, plant and equipment	69,491,800
Trade receivables	14,251,261
Inventories	4,152,354
Right-of-use assets	7,690,210
Prepayment and other current assets	821,672
Bank balances and cash	1,950,282
	98,357,579
Liabilities	
Loans & Murabaha	34,480,653
Short term loans	22,724,427
Accruals and other current liabilities	10,285,436
Trade payables	14,938,230
Lease liabilities	10,504,963
Employees' defined benefits liabilities	2,546,831
	95,480,540
Total identifiable net assets	2,877,039
Purchase consideration	77,009,836
Non-controlling interest (20% of identifiable net assets)	575,408
Less: Intangible assets	(8,759,376)
Less: Identifiable net assets	(2,877,039)
Goodwill arising on acquisition	65,948,829

The Group utilized the financial position of the GCI as of May month-end date, e.g., May 31, 2024 as a proxy for the actual acquisition date of 29 May 2024, to determine the fair values of the identifiable assets acquired and liabilities assumed. Management has assessed the net activity and market movements between these dates and concluded that the impact of utilizing month-end financial information instead of balances at the precise acquisition date is immaterial to the consolidated financial statements taken as a whole.

The acquisition date fair value of the trade receivables amounts to ⃁ 14.3 million. The gross amount of trade receivables is ⃁ 14.3 million and it is expected that the full contractual amounts can be collected.

19. BUSINESS COMBINATION (continued)

19.2 Acquisition of GCI (continued)

a) Initial recognition (continued)
The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The goodwill of ⃁ 65.9 million comprises the value of expected synergies arising from the acquisition and a customer list, which is separately recognised. Due to the contractual terms imposed on acquisition, the customer list is separable. Therefore, it meets the criteria for recognition as an intangible asset under IAS 38.

From the date of acquisition, GCI contributed ⃁ 35 million of revenue and ⃁ 4.2 million to loss before zakat from continuing operations of the Group for the year ended If the combination had taken place at the beginning of the year, revenue from continuing operations would have been ⃁ 66.6 million and profit before zakat from continuing operations for the Group would have been ⃁ 10.1 million, for the year ended 31 December 2024

For the year ended 31 December 2024, the consolidated financial statements include the results of GCI for the period from the acquisition date to 31 December 2024.

b) Purchase consideration
In addition to the above, as per the sale purchase agreement, the following key financial and non-financial information may have a significant impact on the fair value of consideration and may resulting in purchase consideration:

- Settlement of purchase consideration is agreed on 5 instalments subject to achieving defined key performance milestones inclusive of production milestones, capacity utilisation, annual gross revenues etc. within a maximum period of 12 months from the date of final closing date i.e. acquisition date. In the event the GCI fails to achieve any of the performance indicators/milestones, the purchase price shall be revised, accordingly.

- The purchase price may also be subject to reduction in case the aggregate liabilities of the GCI exceed a sum defined and agreed as per agreement on a defined date.

As at 31 December 2025 and 31 December 2024, the purchase consideration liability was remeasured at fair value.

c) Analysis of cash flows on acquisition

	⃁
Net cash and bank balances in subsidiary acquired (included in cash flows from investing activities)	1,972,076
Consideration paid *	(7,000,000)
Consideration payable **	(70,009,836)
Net cash flow on acquisition	(75,037,760)

* Consideration paid includes an amount of ⃁ 4 million paid in 2023.

** The resulting adjustment for change in fair value of purchase consideration payable was recognised in the consolidated statement of profit or loss with corresponding credit to other payables (Notes 15, 30 and 37).

19. BUSINESS COMBINATION (continued)

19.3 Impairment assessment
During 2024, management considered the performance outlook and business operations of the CGUs to determine whether the carrying amount does not exceed the recoverable amount. The recoverable amount has been determined based on a value-in-use calculation using the cash flow projections from financial budgets approved by the subsidiaries' senior management covering a five-year period. The projected cash flows have been updated to reflect the change in prices and demand for products and services in the chemical industry.

The pre-tax discount rate (before growth allowance) applied to cash flow projections was 11.4% and cash flows beyond the five-year period are extrapolated using a 5% growth rate. Management believes that the growth rate is justified and is in line with the long-term average growth rate for the product lines and industries of the segments and takes into account a sustainable and annually anticipated average level of future financial surpluses.

As a result of this analysis, the recoverable amount of the entire CGUs based on the value-in-use as at 31 December 2024, was compared to the carrying amounts, and the resulting impairment loss was as follows.

	31 December 2024				
	Carrying amount of assets acquired	Goodwill	Total	Recoverable amount (value-in-use)	Impairment loss
Cash-Generating Unit (CGUs)					
ACC	233,109,642	61,076,654	294,186,296	233,109,642	(61,076,654)
GCI	50,175,368	65,948,829	116,124,197	50,175,368	(65,948,829)
Total	283,285,010	127,025,483	410,310,493	283,285,010	(127,025,483)

The entire impairment loss has been allocated to the goodwill.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions.
• Annual revenue growth rate during the forecast period,
• Discount rate,
• Long-term growth rates (terminal value) used to extrapolate cash flows beyond the forecast period.

Sensitivity to changes in assumptions
Management performed a sensitivity analysis to assess the changes to key assumptions that could cause the carrying value of the subsidiaries and related goodwill to exceed its recoverable amount. These are summarised below:

• A decline in the annual revenue growth rate during the forecast period by 5% would result in an impairment of 127,794 thousand with no impairment loss required.
• A rise in the discount rate by 0.5% would result in an impairment of 122.4 million.
• A reduction in the long-term growth rate by 0.5% would result in an impairment of 114.7 million.

The above sensitivity analyses was based on a change in an assumption while holding all other assumptions constant.

20. NON-CONTROLLING INTEREST

Financial information of subsidiaries that have material non-controlling interests is provided below

Proportion of equity interest held by non-controlling interests:

Name	**Country of incorporation**	**2025**	2024
ACC	Kingdom of Saudi Arabia	**16%**	16%
GCI	Kingdom of Saudi Arabia	**20%**	20%
Mdarat Al-Dhara Chemicals Company	Kingdom of Saudi Arabia	**40%**	40%

	2025	2024
Accumulated balances of non-controlling interest:		
ACC	**(60,085,092)**	(13,042,458)
GCI	**(17,158,632)**	1,671,159
Mdarat Al-Dhara Chemicals Company	**(1,325,151)**	(4,721,780)
	(78,568,875)	(16,093,079)
(Loss) / profit allocated to non-controlling interests:		
ACC	**(47,074,094)**	(7,341,446)
GCI	**(18,846,525)**	(1,066,326)
Mdarat Al-Dhara Chemicals Company	**3,396,629**	(5,521,780)
	(62,523,990)	(13,929,552)

The summarised financial statements of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations

2025	*ACC*	*GCI*	*Mdarat Al-Dhara Chemicals Company*	*Total*
Revenue from contracts with customers	14,278,192	56,733,058	-	71,011,250
Cost of sales	(36,343,542)	(50,802,094)	-	(87,145,636)
Administrative & other expenses	(7,409,163)	(12,541,993)	8,491,573	(11,459,583)
Finance costs	(12,321,507)	(2,236,336)	-	(14,557,843)
Loss before zakat	**(41,796,020)**	**(8,847,365)**	**8,491,573**	**(42,151,812)**
Zakat	-	-	-	-
Loss for the year	**(41,796,020)**	**(8,847,365)**	**8,491,573**	**(42,151,812)**
Fair value related adjustments	(844,180)	(469,721)	-	(1,313,901)
Adjusted loss for the year	**(42,640,200)**	**(9,317,086)**	**8,491,573**	**(43,465,713)**
Impairment loss (Note 16.e)	(251,572,886)	(84,915,544)	-	(336,488,430)
Loss for the year post adjustments and impairment	**(294,213,086)**	**(94,232,630)**	**8,491,573**	**(379,954,143)**
Attributable to non-controlling interests	**(47,074,094)**	**(18,846,525)**	**3,396,629**	**(62,523,990)**

20. NON-CONTROLLING INTEREST (continued)

2024	*ACC*	*GCI*	*Mdarat Al-Dhara Chemicals Company*	*Total*
Revenue from contracts with customers	10,196,072	34,947,051	-	45,143,123
Cost of sales	(34,985,755)	(26,848,132)	-	(61,833,887)
Administrative & other expenses	(6,947,556)	(10,619,308)	(13,804,450)	(31,371,314)
Finance costs	(11,332,868)	(1,715,224)	-	(13,048,092)
Loss before zakat	(43,070,107)	(4,235,613)	(13,804,450)	(61,110,170)
Zakat	-	-	-	-
Loss for the year	(43,070,107)	(4,235,613)	(13,804,450)	(61,110,170)
Fair value adjustments	(2,813,933)	(1,096,016)	-	(3,909,949)
Loss for the year post acquisition adjustments	(45,884,040)	(5,331,629)	(13,804,450)	(65,020,119)
Attributable to non-controlling interests	(7,341,446)	(1,066,326)	(5,521,780)	(13,929,552)

Summarised below is the statement of financial position of each subsidiary as at year end:

2025	*ACC*	*GCI*	*Mdarat Al-Dhara Chemicals Company*	*Total*
Non-current assets	231,676,703	56,714,506	-	288,391,209
Current assets	14,703,168	21,208,402	37,670	35,949,240
Non-current liabilities	(3,500,601)	(12,343,557)	-	(15,844,158)
Current liabilities	(386,734,394)	(94,658,012)	(3,350,547)	(484,742,953)
Total equity	**(143,855,124)**	**(29,078,661)**	**(3,312,877)**	**(176,246,662)**
Impairments and other adjustments	(231,676,703)	(56,714,506)	-	(288,391,209)
Total equity after impairment and other adjustments	**(375,531,827)**	**(85,793,167)**	**(3,312,877)**	**(464,637,871)**
Attributable to non-controlling interest	**(60,085,092)**	**(17,158,632)**	**(1,325,151)**	**(78,568,875)**

2024	*ACC*	*GCI*	*Mdarat Al-Dhara Chemicals Company*	*Total*
Non-current assets	234,837,064	57,696,829	-	292,533,893
Current assets	15,935,487	31,784,460	770,228	48,490,175
Non-current liabilities	(3,459,215)	(12,388,227)	-	(15,847,442)
Current liabilities	(350,661,141)	(97,539,033)	(12,574,678)	(460,774,852)
Total equity	(103,347,805)	(20,445,971)	(11,804,450)	(135,598,226)
Attributable to non-controlling interest	(16,535,649)	(4,089,194)	(4,721,780)	(25,346,623)

20. NON-CONTROLLING INTEREST (continued)

Summarised cash flow information for year ended 31 December 2025:

	ACC	*GCI*	*Mdarat Al-Dhara Chemicals Company*	*Total*
Operating	(1,961,482)	1,065,824	(732,559)	(1,628,217)
Investing	(73,341)	(248,590)	-	(321,931)
Financing	(1,350,077)	(1,513,307)	-	(2,863,384)
Net decrease in cash and cash equivalents	**(3,384,900)**	**(696,073)**	**(732,559)**	**(4,813,532)**

Summarised cash flow information for year ended 31 December 2024:

	ACC	*GCI*	*Mdarat Al-Dhara Chemicals Company*	*Total*
Operating	15,818,365	21,827,975	(1,229,772)	36,416,568
Investing	(43,950)	(140,599)	2,000,000	1,815,451
Financing	(13,006,573)	(18,127,972)	-	(31,134,545)
Net increase in cash and cash equivalents	2,767,842	3,559,404	770,228	7,097,474

21. INVENTORIES

	2025	2024
Consumables and spare parts	**91,684,903**	89,598,208
Finished products	**25,380,288**	38,623,960
Raw materials	**20,368,951**	30,431,862
Goods-in-transit	**12,282,591**	19,959,172
Packing material	**6,714,806**	4,811,172
	156,431,539	183,424,374
Less: provision for slow-moving inventories	**(65,923,918)**	(63,660,868)
	90,507,621	119,763,506

During the year, ⃁ 329.4 million (2024: ⃁ 307.8 million) was recognised as an expense for inventories in cost of sales in the consolidated statement of profit or loss, including finished products as at 31 December 2025 that have been written down by ⃁ 5.0 million (2024: ⃁ 1.6 million) to bring them to their net realisable values.

The movement in provision for slow-moving inventories is as follows:

	2025	2024
1 January	**63,660,868**	45,534,085
Charge for the year	**2,263,050**	13,574,111
Transfer on acquisition (Note 19)	-	4,552,672
31 December	**65,923,918**	63,660,868

22. TRADE RECEIVABLES

	Note	2025	2024 (Restated)
Trade receivables		**132,660,171**	167,217,507
Less: allowance for ECL on trade receivables	22.2	**(13,789,630)**	(9,903,944)
		118,870,541	157,313,563

22.1 The Group has assessed expected lifetime losses pertaining to trade receivables as per the simplified approach as permitted by IFRS 9. Trade receivables are due based on individual credit terms of each customer. There were no contracts with a significant financing component during the years ended 31 December 2025 and 2024. As at 31 December 2025, trade receivables of ⃁ 17.1 million (2024: ⃁ 28.9 million) were past due but not impaired. These relate to a number of individual customers for whom there is no history of default. Aging profile of trade receivables is as follows:

	2025	2024
Current	**104,779,673**	129,843,930
Up to 3 months	**5,535,713**	19,145,444
4 to 6 months	**9,387,820**	9,758,770
7 to 12 months	**5,821,261**	1,647,268
Over 12 months	**7,135,704**	6,822,095
31 December	**132,660,171**	167,217,507

The Group considers any trade receivables overdue for more than a year to be in default and are accordingly fully provided for under the expected credit loss model and written-off. This presumption is rebutted only when verifiable, recent commitments to pay provide objective evidence of recoverability. The expected credit loss rates and information relating to credit risk has disclosed in Note 34.

22.2 The movement in allowance for ECL on trade receivables is as follows:

	2025	2024
1 January	**9,903,944**	6,144,324
Charge for the year	**4,540,891**	2,168,450
Transfers on acquisition (Note 19)	-	1,648,234
Write-off during the year	**(655,205)**	(57,064)
31 December	**13,789,630**	9,903,944

22.3 The maximum exposure to credit risk at reporting date is the carrying amount of each receivable. The Group does not hold any collateral as security.

23. PREPAYMENTS AND OTHER CURRENT ASSETS

	2025	2024 (Restated)
Advances to suppliers	**9,149,866**	12,993,374
Prepayments	**10,695,486**	9,748,360
Advances to employees	**2,589,261**	2,372,780
Margin deposits	**11,768,029**	1,291,532
VAT receivable	**14,552,982**	20,744,512
Other	**1,690,173**	5,524,724
31 December	**50,445,797**	52,675,282

24. BANK BALANCES AND CASH

	2025	2024
Cash in hand	**45,835**	43,049
Cash at bank	**111,067,583**	145,385,521
Bank balances and cash (as per statement of financial position)	**111,113,418**	145,428,570
Less: restricted cash balances		
Debt service reserve account (DSRA)	**(35,115,738)**	(33,419,687)
Debt service account (DSA)	**(14,348,316)**	(819,560)
Cash and cash equivalents (as per statement of cashflows)	**61,649,364**	111,189,323

During the year, the Group had time deposits which are Murabaha deposits placed with commercial banks, with a maturity period of three months or less from date of placement, and yield finance income at rates ranging from 3.6% to 5.8% per annum (2024: 4.5% to 6.5% per annum). The Group recognised finance income of ⃁ 3,489,477 (2024: ⃁ 11,071,103) in the consolidated statement of profit or loss in relation to these deposits. There were no Murabaha deposit balance at the reporting date.

Cash held in the Debt Service Reserve Account (DSRA) and Debt Service Account (DSA) is maintained under financing arrangements and is subject to contractual restrictions, limiting its use to specified debt service purposes. Accordingly, although included within bank balances and cash in the statement of financial position, these balances are restricted and not available for general use and therefore excluded from cash and cash equivalents for the purposes of the statement of cash flows.

25. SHARE CAPITAL

As at 31 December 2025, the authorised, issued and fully paid-up share capital comprised ⃁ 67.5 million (2024: ⃁ 67.5 million) ordinary shares of ⃁ 10 per share.

On 13 February 2024, the Board of Directors of the Parent Company resolved to recommend to the shareholders' extraordinary general assembly to increase the Parent Company's share capital through the offering of rights issue for a target amount of ⃁ 674,508,630. Subsequently, management also appointed the financial advisor for the transaction.

On 15 May 2024, the Board of Directors of the Parent Company further resolved to reduce the initial target amount from ⃁ 674,508,630 to ⃁ 350,000,000 and recommend to the shareholders' extraordinary general assembly to increase the Parent Company's share capital through the offering of rights issue for a target amount of ⃁ 350,000,000. The Group has engaged Al Bilad Capital as a financial advisor and lead underwriter for the proposed rights issue. The rights issue remains subject to the approval of the Capital Market Authority (CMA) and the approval of the Extraordinary General Assembly.

On 9 October 2025, the Board of Directors announced its recommendation to reduce the Parent Company's capital in order to address accumulated losses situation. Following the release of the interim financial results for the period ended 30 September 2025, and the increase in accumulated losses to capital, the Board of Directors, by resolution dated 25 December 2025, approved an amended recommendation to the Extraordinary General Assembly to reduce the Parent Company's capital. The proposed capital reduction involves the cancellation of 52,450,863 ordinary shares, representing a capital reduction of 77.8%, equivalent to cancelling 0.7776 ordinary share for every one (1) ordinary share held. The capital reduction is intended to extinguish accumulated losses amounting to ⃁ 577.9 million. In addition, the Parent Company's Board of Directors recommended to utilize ⃁ 53.4 million from the statutory reserve, representing approximately 59.9% of the total statutory reserve, to cover the remaining balance of accumulated losses. Upon completion of the capital reduction and utilization of part of the statutory reserve, all accumulated losses of the Parent Company as of 30 September 2026 are expected to be fully eliminated. The Parent Company appointed MEFIC Capital as the financial advisor for this transaction. On 7 May 2026, the CMA approved the capital reduction following which, the Parent Company is in the process of completing the remaining statutory formalities with the Ministry of Commerce and has called the Extraordinary General Assembly for shareholders' approval on 14 July 2026.

26. STATUTORY RESERVE

According to the newly enacted Companies Law and its implementing regulations effective in KSA starting 26 Jumada' II 1444H (corresponding to 19 January 2023), the mandatory statutory reserve requirement was abolished. In pursuant to this change, the Board of Directors resolved to amend the Parent Company Bylaws to exclude the requirement to maintain a statutory reserve. As disclosed in Note 25, the Parent Company's Board of Directors has recommended to utilize ⃁ 53.4 million from the statutory reserve to cover the remaining balance of accumulated losses. Currently the Board of Directors is in the process of assessing the appropriate use of the remaining reserve of ⃁ 35.7 million in the upcoming Extraordinary General Meeting.

27. LONG-TERM BORROWINGS

27.1 Long-term borrowings

	2025	2024
Murabaha refinancing facility	**369,841,547**	572,324,945
Accrued finance costs	**3,070,592**	662,350
Less: unamortised transaction costs	**(2,627,076)**	(3,932,130)
	370,285,063	569,055,165

Long-term borrowings are presented in the consolidated statement of financial position as follows:

	2025	2024
Non-current	**267,503,663**	290,706,603
Current	**102,781,400**	278,348,562
	370,285,063	569,055,165

Movement in long-term borrowings is as follows:

	Notes	2025	2024
At 1 January		**569,055,165**	351,579,048
Transfers on acquisition (Note 19)		-	261,174,413
Add: finance costs for the year	15	**33,031,368**	41,178,173
Add: amortisation of transaction costs	15	**1,305,052**	4,189,659
Less: repayment of principal during the year		**(9,369,906)**	(48,244,287)
Less: repayment of finance costs		**(23,973,592)**	(40,821,841)
Less: long-term borrowings transferred to other current liabilities	30 & 37	**(184,184,490)**	-
Less: finance costs transferred to other current liabilities	30 & 37	**(15,578,534)**	-
At 31 December		**370,285,063**	569,055,165

Details of long-term borrowings are as follows:

	2025	2024
Methanol Chemical Company - Murabaha refinancing facility	**312,232,880**	320,960,084
ACC - Arab National Bank	**-**	139,117,010
ACC - Saudi Industrial Development Bank	**40,914,000**	79,738,440
GCI - Arab National Bank	**-**	2,956,972
GCI - Saudi Industrial Development Bank	**17,138,183**	21,451,543
GCI - Saudi Awwal Bank	**-**	4,831,116
	370,285,063	569,055,165

27. LONG-TERM BORROWINGS (continued)

27.1.1 Methanol Chemical Company - Murabaha refinancing facility

In July 2022, the Parent Company entered into a Murabaha refinancing facility agreement with Banque Saudi Fransi and Alinma Bank (collectively “Murabaha Facility Participants”), with Banque Saudi Fransi acting as Murabaha Refinancing Investment Agent for the purpose of repayment of existing facilities. The total facility amounts under the agreement of ⃁ 455 million was fully utilised during the quarter ended 30 September 2022. The facility is repayable in 17 variable semi-annual instalments commenced from December 2022 with the last instalment due in December 2030. These borrowings bear finance costs based on prevailing market rates which are based on Saudi inter-bank offered rates (SAIBOR) plus fixed margin. The borrowing is secured by a mortgage of the property, plant, and equipment of the Group (Note 16). The carrying values of such long-term borrowings are denominated in Saudi Riyal.

The additional Murabaha expansion facility of ⃁ 240 million, previously available under the agreement for project financing, was formally cancelled on 29 September 2025. Furthermore, in relation to a potential breach of the Debt Service Coverage Ratio (DSCR) covenant as of 31 December 2025, the Group obtained a formal waiver from the Murabaha Facility Participants on 22 December 2025. Consequently, except for the waiver above, the Group remains in compliance with its rest of borrowing covenants as at the reporting date, and the non-current portion of the loan continues to be classified as a long-term liability. As at reporting date the total outstanding amount payable is ⃁ 312.2 million, out of which ⃁ 44.7 million is classified as current.

Further, subsequent to the year end (Note 39) the Parent Company exercised the available deferral options under the financing agreement with the lenders and obtained the necessary consents from the lenders to defer scheduled financing principal instalments, including the instalments due on 30 June 2026 and 31 December 2026, in accordance with the applicable financing agreement provisions. The related formal documentation, including intercreditor agent consent, has been completed in May 2026.

27.1.2 ACC - Arab National Bank

In December 2021, ACC renewed the credit facilities agreement compatible with Sharia controls with the Arab Bank for a total value of the loan ⃁ 164.8 million including financing through Tawarruq for a fixed period for the amount of ⃁ 144.8 million. These loans carry an average finance cost of 1.75% - 2.00% plus SAIBOR. As at 31 December 2024, the loan was secured against the former and certain existing shareholders' personal guarantees. During the year, loan balance amounting to ⃁ 150.1 million was settled directly by former and certain existing shareholders of the subsidiary as the primary obligor of this borrowing. As the Parent Company is not the primary obligor for these borrowings, the amounts settled by the other shareholders were reclassified to other current liabilities, representing amounts payable to the other shareholders (Notes 27.4, 30 and 37).

27.1.3 ACC - Saudi Industrial Development Bank

In December 2015, ACC obtained a loan from the Saudi Industrial Development Fund (SIDF) to finance the Specialized Chemical Solvents factory project for the production of sulfuric acid and sulfolane in the industrial area for an amount of ⃁ 80.0 million, The loan is secured by a set of corporate and personal guarantees provided by the former and certain existing shareholders. During the year, loan balance amounting to ⃁ 39.5 million was settled directly by former and certain existing shareholders of the subsidiary as the primary obligor of this borrowing. As the Parent Company is not the primary obligor for these borrowings, the amounts settled by the other shareholders were reclassified to other current liabilities, representing amounts payable to the other shareholders (Notes 27.4, 30 and 37). As at 31 December 2025, the loan agreements contained certain covenants which, among other things, require certain financial ratios to be maintained. The subsidiary was not in compliance with the financial and other covenants and consequently, the entire balance is reclassified to current liabilities amounting to ⃁ 40.9 million.

27.1.4 GCI - Arab National Bank

During the year, loan balance amounting to ⃁ 3.6 million was settled directly by former and certain existing shareholders of the subsidiary as the primary obligor of this borrowing. As the Parent Company is not the primary obligor for these borrowings, the amounts settled by the former and certain existing shareholders were reclassified to other current liabilities, representing amounts payable to the other shareholders (Notes 27.4, 30 and 37).

27. LONG-TERM BORROWINGS (continued)

27.1.5 GCI - Conventional facilities (SIDF and SAB)

In December 2018, GCI obtained a loan from the Saudi Industrial Development Fund (SIDF) and Saudi Awwal Bank to finance the Specialized Chemical Solvents factory project for the production of Anisole and MPP Products in the industrial area amounting to ⊆ 30.8 million, the loan was secured against the former and certain existing shareholders' personal guarantees. During the year, the entire outstanding loan balance relating to SAB, amounting to ⃁ 4.5 million was settled directly by former and certain existing shareholders of the subsidiaries as the primary obligor of this borrowing. As the Parent Company is not the primary obligor for these borrowings, the amounts settled by the former and certain existing shareholders were reclassified to other current liabilities, representing amounts payable to the other shareholders (Notes 27.4, 30 and 37).

During the year, loan balance of SIDF amounting to ⃁ 3.4 million was settled directly by former and certain existing shareholders of the subsidiary as the primary obligor of this borrowing. As the Parent Company is not the primary obligor for these borrowings, the amounts settled by the other shareholders were reclassified to other current liabilities, representing amounts payable to the other shareholders (Notes 30 and 37). As at 31 December 2025, the loan agreements contained certain covenants which, among other things, require certain financial ratios to be maintained. The subsidiary was not in compliance with the financial and other covenants and consequently, the entire balance is reclassified to current liabilities amounting to ⃁ 17.1 million.

27.2 maturity profile of long-term borrowings

The maturity profile of long-term borrowings is as follows:

	2025	2024
Within 1 year	**128,109,617**	347,774,270
between year 1 and year 2	**61,442,533**	40,381,766
between year 2 and year 3	**60,300,387**	59,288,877
between year 3 and year 4	**64,629,377**	57,644,172
Thereafter	**129,224,552**	184,112,050
Total	**443,706,466**	689,201,135

27.3 Short-term borrowings

Short term loans represent conventional borrowings obtained from various local banks to meet the working capital requirements. These loans are secured by projects proceeds and the former and existing shareholders personal guarantees, and carry an average finance cost of 5% - 8%. As at 31 December 2024, the loan agreements contained certain covenants which, among other things, require certain financial ratios to be maintained. The subsidiary was not in compliance with the financial and other covenants at the reporting date. During the year, loan balance amounting to ⃁ 33.2 million was settled directly by former and certain existing shareholders of the subsidiaries as the primary obligor of this borrowing. As the Parent Company is not the primary obligor for these borrowings, the amounts settled by the other shareholders were reclassified to other current liabilities, representing amounts payable to the other shareholders (Notes 27.4, 30 and 37). Movement of short-term borrowings is as follows:

	2025	2024
At 1 January	**65,000,000**	-
Addition during the year	**-**	77,721,034
Transfers on acquisition (Note 19)	-	49,620,695
Add: finance costs for the year	**2,373,697**	-
Less: repayment during the year	**(32,863,384)**	(62,341,729)
Less: short-term borrowings transferred to other current liabilities (Notes 30 & 37)	**(34,510,313)**	-
At 31 December	-	65,000,000

27.4 Discharge of subsidiaries outstanding facilities obligations

Subsequent to the year end, the subsidiaries have received loan discharge letters in May 2026 from certain lenders of ACC and GCI, confirming the release and settlement of previously outstanding financing obligations at the subsidiary level, that were settled by the previous shareholders of ACC and GCI (Note 39).

28. EMPLOYEE BENEFIT OBLIGATIONS

28.1 General description of the plan

The Group operates an unfunded defined benefit plan in line with the labour law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the labour laws of the Kingdom of Saudi Arabia. The benefit payments are due upon termination of or resignation from employment. In accordance with provision of IAS 19, management has hired independent actuary to carry out latest valuation of employee benefit obligations under the projected unit credit method as at 31 December 2025 for the Group.

	2025	2024
1 January	**76,110,180**	68,470,623
Net benefit expense	**11,257,546**	10,788,505
Transfers on acquisition (Note 19)	-	3,801,939
Benefits paid	**(5,784,276)**	(6,496,922)
Remeasurement gain	**(2,512,575)**	(453,965)
31 December	**79,070,875**	76,110,180

28.2 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income related to employee benefit obligations are as follows:

	2025	2024
Current service cost	**7,675,383**	7,538,025
Past service cost	-	(103,010)
Interest expense	**3,582,163**	3,353,490
Total amount charged to consolidated statement of profit or loss	**11,257,546**	10,788,505
Remeasurements		
Loss/(gain) from changes in financial assumptions	**1,058,281**	(453,965)
Gain on changes in experience adjustments	**(3,570,856)**	-
Total amount recognised in consolidated statement of other comprehensive income	**(2,512,575)**	(453,965)

28.3 Key actuarial assumptions

	2025	2024
Discount rate	**5.15%**	5.25%
Salary growth rate	**4.65%**	4.25%

28.4 Sensitivity analysis for actuarial assumptions

	Change in assumption		**Impact on employee benefit obligations**	
2025	Increase in assumption (%)	Decrease in assumption (%)	Increase in assumption	Decrease in assumption
Discount rate	**1%**	**1%**	**(4,227,002)**	**4,771,549**
Salary growth rate	**1%**	**1%**	**4,901,304**	**(4,424,640)**

28. EMPLOYEE BENEFIT OBLIGATIONS (continued)

28.4 Sensitivity analysis for actuarial assumptions (continued)

	Change in assumption		Impact on employee benefit obligations	
2024	Increase in assumption (%)	Decrease in assumption (%)	Increase in assumption	Decrease in assumption
Discount rate	1%	1%	(4,115,646)	4,645,955
Salary growth rate	1%	1%	4,782,269	(4,316,767)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied as calculating the employee benefits obligation.

28.5 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 5.51 years (2024: 6.18 years). The expected maturity analysis of undiscounted employee benefits obligations is as follows:

	Less than a year	**Between 1 - 2 years**	**Between 2 - 5 years**	**Over 5 years**	**Total**
2025	**15,300,438**	**8,514,728**	**25,341,129**	**76,949,658**	**126,105,953**
2024	15,562,926	7,985,901	25,388,777	63,140,418	112,078,022

29. TRADE PAYABLES

	2025	2024
Trade payables	**89,732,684**	68,581,429

Trade payables are non-interest bearing and are normally settled by the Group on 60-day terms.

The maturity profile is disclosed in Note 34.

30. ACCRUALS AND OTHER CURRENT LIABILITIES

	2025	2024 (Restated)
Accrued expenses	**105,519,364**	83,964,778
Advance from customers	**4,943,972**	7,506,327
Others *	**394,769,500**	131,996,465
	505,232,836	223,467,570

* Include amounts of ⃁ 336.9 million (2024: ⃁ 118.7 million) recorded in accordance with the requirements of IFRS (also refer to Note 37). In addition to ⃁ 50.1 million (2024: ⃁ 17.0 million) payable to a related party (Note 31).

31. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise shareholders, directors, associated companies and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest ("other related parties").

Following is the major related party having transactions with the group during the period.

Name of related party	Nature of relation
The company for cooperative insurance – Tawuniya	Affiliated key management personnel
Hala Supply Chain Services	Affiliated key management personnel
Immensa Industrial Company	Affiliated key management personnel
Sultan Holding	Shareholder of ACC and GCI

a) Balances with related parties

	2025	2024
Sultan Holding (Note 30)	**50,088,293**	16,562,856

b) Transactions with related parties:

Name of related party	Nature of transactions	2025	2024
The company for cooperative insurance – Tawuniya	Life Insurance	**474,210**	-
	Medical Insurance	**18,351,422**	-
	Trade Insurance	**637,136**	-
	Other	**925**	-
Hala Supply Chain Services	Storage Services	**557,894**	522,621
Immensa Industrial Company	3D Printing Services	-	13,500

c) Restatement of related party disclosure

In addition to above transactions and balances, during the year, the Parent Company's management became aware that one of the former Board members of the Parent Company was also a Board member in one of the shareholding entities of both subsidiaries acquired in 2024 as disclosed in Note 19. In view of this fact, the acquisitions of these subsidiaries with a common board member are considered to be a related party transaction in accordance with the requirements of IAS 24 since the acquisition date of subsidiaries in the year 2024.

d) Key management personnel compensation

	2025	2024
Salaries and other short-term employee benefits	**8,148,291**	8,756,140
Employee benefit obligations	**239,915**	151,766
	8,388,206	8,907,906

e) Board of directors' compensation

During the year ended 31 December 2025, the Board of directors' compensation amounted to ⃁ 5.7 million (2024: ⃁ 7.9 million).

32. ZAKAT

The Zakat provision has been calculated based on individual companies Zakat bases. Zakat is payable at 2.578% of the zakat base, excluding adjusted profit for the year. Zakat on adjusted profit for the year is payable at 2.5%.

32.2 Zakat base and provision

	2025	2024
Shareholders' equity at beginning of the year	**747,358,701**	751,409,648
Long-term borrowings	**267,503,663**	321,842,084
Property, plant and equipment, as adjusted	**(912,505,466)**	(1,302,944,236)
Other	**473,645,783**	267,778,149
Total	**576,002,681**	38,085,645
Adjusted loss	**(576,002,681)**	(102,391,016)
Estimated zakat base	-	(64,305,371)

The Zakat charges for the year is as follows:

	2025	2024
1 January	**12,534,306**	22,698,256
Transfer on acquisition (Note 19)	-	388,546
Provision for the year	-	12,145,760
Adjustment related to prior years	**(4,405,527)**	(7,601,133)
	8,128,779	27,631,429
Payments	**(7,740,233)**	(15,097,123)
31 December	**388,546**	12,534,306

32.2 Status of zakat assessments and certificates

The Company has obtained zakat certificates from ZATCA for the years through 2025.

During 2024, the Company received zakat assessments from ZATCA related to the years 2023 in the amounts of ⃁ 37,014. Due to immateriality, the Company settled the additional Zakat due while reserving the right to appeal similar treatment in the future. As such, the Company has finalized its Zakat position up to 2023.

The assessment for the year 2024 is currently under review by the ZATCA.

For ACC, Zakat assessments were agreed with ZATCA up to 2023. The assessment for the year 2024 has not yet been raised by the ZATCA.

For GCI, Zakat assessments were agreed with ZATCA up to 2023. The assessment for the year 2024 has not yet been raised by the ZATCA.

33. SEGMENT INFORMATION

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products; class of customers and marketing strategies of these segments are different.

Operating revenue recognised in the consolidated statement of income represents revenue from external customers and originated in the Kingdom of Saudi Arabia.

The Group is primarily engaged in manufacture and sale of chemicals in the Kingdom of Saudi Arabia. Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue generated from each segment.

The following tables present information regarding the Group's segments activities:

	For the year ended 31 December 2025				
	Methanol Chemicals Company	***ACC***	***GCI***	***Mdarat Al Dhara Chemicals Company***	***Total***
Revenue:					
Total segment revenue	556,580,627	14,278,192	56,733,058	-	627,591,877
Inter-segment revenue elimination	(5,320,781)	(337,241)	-	-	(5,658,022)
Revenue from external customers	**551,259,846**	**13,940,951**	**56,733,058**	-	**621,933,855**
(Loss) gain before finance cost, net, depreciation and amortisation, zakat	(37,728,387)	(26,026,132)	(5,718,832)	8,491,573	(60,981,778)
Impairment loss (Note 16.e)	(336,488,430)	-	-	-	(336,488,430)
Finance costs, net	(31,375,777)	(12,321,507)	(2,236,336)	-	(45,933,620)
Depreciation and amortisation	(97,533,740)	(4,292,561)	(1,361,918)	-	(103,188,219)
Loss before zakat	(503,126,334)	(42,640,200)	(9,317,086)	8,491,573	(546,592,047)
Reversal of Zakat expense	4,405,527	-	-	-	4,405,527
Segment (loss) gain from operation	**(498,720,807)**	**(42,640,200)**	**(9,317,086)**	**8,491,573**	**(542,186,520)**

The following table presents assets and liabilities information for the Group's operating segments at the reporting date:

	At 31 December 2025				
	Methanol Chemicals Company	***ACC***	***GCI***	***Mdarat Al Dhara Chemicals Company***	***Total***
Total assets	**1,247,493,604**	**14,703,168**	**21,208,402**	**37,670**	**1,283,442,844**
Total liabilities	**576,210,014**	**390,234,995**	**107,001,569**	**3,350,547**	**1,076,797,125**

33. SEGMENT INFORMATION (continued)

The following tables present information regarding the Group's segments activities:

	For the year ended 31 December 2024 (Restated)				
	Methanol Chemicals Company	*ACC*	*GCI*	*Mdarat Al Dhara Chemicals Company*	*Total*
Revenue:					
Total segment revenue	664,115,604	10,196,072	34,947,051	-	709,258,727
Inter-segment revenue elimination	(2,742,752)	(950,811)	-	-	(3,693,563)
Revenue from external customers	661,372,852	9,245,261	34,947,051	-	705,565,164
Gain (loss) before finance cost, net, depreciation and amortisation, zakat and impairment loss	36,015,874	(24,448,331)	(1,843,167)	(13,804,450)	(4,080,075)
Impairment loss of goodwill (Note 19)	(127,025,483)	-	-	-	(127,025,483)
Impairment loss (Note 16.e)	(2,042,223)				(2,042,223)
Finance costs, net	(27,804,034)	(11,332,868)	(1,715,224)	-	(40,852,126)
Depreciation and amortisation	(106,008,343)	(7,288,908)	(677,222)	-	(113,974,473)
Loss before zakat	(226,864,209)	(43,070,107)	(4,235,613)	(13,804,450)	(287,974,380)
Zakat expense	(4,544,627)	-	-	-	(4,544,627)
Segment loss from operation	(231,408,836)	(43,070,107)	(4,235,613)	(13,804,450)	(292,519,007)

The following table presents assets and liabilities information for the Group's operating segments at the reporting date:

	At 31 December 2024 (Restated)				
	Methanol Chemicals Company	*ACC*	*GCI*	*Mdarat Al Dhara Chemicals Company*	*Total*
Total assets	1,453,297,484	250,772,551	89,481,289	770,228	1,794,321,552
Total liabilities	571,379,594	354,120,356	109,927,260	12,574,678	1,048,001,888

34. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables, accruals and other current liabilities and borrowings. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, prepayments and other current assets, cash and cash equivalent and short-term deposits that is derived directly from its operations.

The Group is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management objectives and policies focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility, sufficient liquidity to repay creditors and lender institutions and provide maximum return to shareholders.

34. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings as well as deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the borrowings obtained at variable rates.

At 31 December 2025, the Group had variable interest bearing financial liabilities of ⃁ 370.3 million (2024: ⃁ 572.3 million), and had the interest rate varied by 100 basis points with all the other variables held constant, net change in loss before zakat for the year would have been approximately ⃁ 3.7 million (2024: net change in loss before zakat by ⃁ 5.7 million), mainly as a result of variation in financial charges on floating rate borrowings.

b) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions and financial instruments are primarily in Saudi Riyals and United States dollars. Since Saudi Riyal is pegged to United States dollar, management of the Group believes that the currency risk for the financial instruments is not significant.

c) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group's financial assets and liabilities are not exposed to price risk.

d) Commodity price risk

The Group is exposed to commodity price risk arising from fluctuations in the prices of certain chemical products and related raw materials used in its operations. Changes in commodity prices may affect the Group's cost base and margins. Management monitors commodity price movements on an ongoing basis and seeks to manage this exposure primarily through operational measures and the use of purchase contracts for certain chemical products where active markets exist. However, the Group remains exposed to market price volatility, and there can be no assurance that such measures will fully mitigate the impact of adverse price movements.

(ii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including short-term deposits.

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. During the year, revenues of approximately ⃁ 121.3 million were derived from three customers, based in KSA (2024: ⃁ 83.0 million). At 31 December 2025, 25% of trade receivables were due from three customers (2024: 23% of the trade receivables were due from three customers). Management believes that this concentration of credit risk is mitigated as the customers have established track record of regular and timely payments. The Group's maximum exposure to credit risk is equal to the carrying amount of financial assets.

For trade receivables, an internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. The carrying amount of trade receivables relates to a number of independent customers for whom there is no recent history of default.

34. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Credit risk (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	2025			2024		
	Expected credit loss rate	**Total gross carrying receivables**	**Expected credit loss**	Expected credit loss rate	Total gross carrying receivables	Expected credit loss
Current	**3.4%**	**104,779,673**	**3,557,615**	1.6%	129,843,930	2,024,572
Up to 3 months	**5.1%**	**5,535,713**	**284,672**	1.8%	19,145,444	344,191
4 to 6 months	**9.8%**	**9,387,820**	**920,782**	3.1%	9,758,770	300,356
7 to 12 months	**32.5%**	**5,821,261**	**1,890,857**	25.1%	1,647,268	412,730
Over 12 months	**100%**	**7,135,704**	**7,135,704**	100%	6,822,095	6,822,095
		132,660,171	**13,789,630**		167,217,507	9,903,944

Cash at bank and deposits are placed with local commercial banks with sound credit ratings.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Cash flow forecasting is performed by management on an annual basis. Management also monitors monthly rolling forecasts of the Group's liquidity requirements and takes necessary measures, including mitigating factors as disclosed in Note 3, to ensure it has sufficient cash to meet its operational needs.

See Note (iv) below for the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

34. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Financial assets and liabilities as per their respective maturities

	Interest / Mark-up bearing			**Non-interest / non-mark-up bearing**			
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	**Total**
Financial assets							
Trade receivables	-	-	-	118,870,541	-	118,870,541	**118,870,541**
Other current assets	-	-	-	11,768,029	-	11,768,029	**11,768,029**
Cash and cash equivalents	-	-	-	111,113,418	-	111,113,418	**111,113,418**
31 December 2025	-	-	-	**241,751,988**	-	**241,751,988**	**241,751,988**
Financial liabilities							
Long-term borrowings	128,109,617	315,596,849	443,706,466	-	-	-	**443,706,466**
Lease liabilities	3,730,472	50,524,651	54,255,123	-	-	-	**54,255,123**
Trade payables	-	-	-	89,732,684	-	89,732,684	**89,732,684**
Accruals and other current liabilities	-	-	-	505,232,836	-	505,232,836	**505,232,836**
31 December 2025	**131,840,089**	**366,121,500**	**497,961,589**	**594,965,520**	-	**594,965,520**	**1,092,927,109**

Non-financial assets and non-financial liabilities amounting to ⃁ 38.7 million and ⃁ 4.9 million, respectively (2024: ⃁ 43.7 million and ⃁ 6.9 million, respectively) have been excluded from prepayments and other current assets and accruals and other current liabilities, respectively.

34. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Financial assets and liabilities as per their respective maturities

	Interest / Mark-up bearing			Non-interest / non-mark-up bearing			
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	Total
Financial assets							
Trade receivables	-	-	-	157,313,563	-	157,313,563	157,313,563
Other current assets	-	-	-	6,441,532	-	6,441,532	6,441,532
Cash and cash equivalents	-	-	-	145,428,570	-	145,428,570	145,428,570
31 December 2024	-	-	-	314,139,751	-	314,139,751	314,139,751
Financial liabilities							
Long-term borrowings	347,774,270	341,426,865	689,201,135	-	-	-	689,201,135
Short-term borrowing	65,000,000	-	65,000,000	-	-	-	65,000,000
Lease liabilities	3,420,502	55,360,285	58,780,787	-	-	-	58,780,787
Trade payables	-	-	-	68,581,429	-	68,581,429	68,581,429
Accruals and other current liabilities	-	-	-	223,467,570	-	223,467,570	223,467,570
31 December 2024	416,194,772	396,787,150	812,981,922	292,048,999	-	292,048,999	1,105,030,921

34. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(v) Changes in liabilities arising from financing activities (continued)

2025	**As at 1 January 2025**	**Cash inflows / (outflows)**	**Transferred to other current liabilities**	**Others**	**As at 31 December 2025**
Long-term borrowings	**569,055,165**	**(33,343,498)**	**(199,763,024)**	**34,336,420**	**370,285,063**
Short-term borrowings	**65,000,000**	**(32,863,384)**	**(34,510,313)**	**2,373,697**	**-**
Lease liabilities	**33,253,238**	**(3,146,113)**	**-**	**1,979,996**	**32,087,121**
Total Financing activities	**667,308,403**	**(69,352,995)**	**(234,273,337)**	**38,690,113**	**402,372,184**

2024	As at 1 January 2024	Cash inflows / (outflows)	Transferred to other current liabilities	Others	As at 31 December 2024
Long-term borrowings	351,579,048	(89,066,128)	-	306,542,245	569,055,165
Short-term borrowings	-	(62,341,729)	-	127,341,729	65,000,000
Lease liabilities	21,343,503	(2,260,532)	-	14,170,267	33,253,238
Total Financing activities	372,922,551	(153,668,389)	-	448,054,241	667,308,403

35. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

As at 31 December 2025 and 2024, the fair values of the Group's current financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

36. CAPITAL RISK MANAGEMENT

For the purpose of the Group's capital management, capital includes capital, and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise the shareholder value.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, reduce the share capital or sell assets to reduce debt.

The Group's objectives when managing capital are to:
- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

36. CAPITAL RISK MANAGEMENT (continued)

The Group monitors capital on the basis of the following gearing ratio, which is 'net debt' divided by total capital plus net debt:

	Notes	**2025**	2024 Restated
Total borrowings	27	**370,285,063**	634,055,165
Other current liabilities	30 & 37	**336,899,118**	118,739,750
Less: Bank balance and cash		**(111,113,418)**	(145,428,570)
Net debt		**596,070,763**	607,366,345
Total equity		**206,645,719**	746,319,664
Capital and net debt		**802,716,482**	1,353,686,009
Gearing ratio		**74.3%**	44.9%

The management does not consider lease liabilities for the purposes of calculating its gearing ratio.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

37. CONTINGENCIES AND COMMITMENTS

(i) At 31 December 2025, the Group was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to ⃁ 74.5 million and ⃁ 0.29 million, respectively (2024: ⃁ 70.2 million and ⃁ 2.7 million, respectively).

(ii) The capital expenditure contracted by the Group but not incurred till 31 December 2025 was approximately ⃁ 68.6 million (2024: ⃁ 16.2 million).

(iii) Legal cases relating to subsidiaries

a. <u>Liability lawsuits filed by the Company against two former Board members</u>
The shareholders of the Parent Company approved, at the Ordinary General Assembly in October 2025, the filing of liability lawsuits against two former Board members in relation to conflict of interest and other governance related findings identified during the year. As at the reporting date, no assets or liabilities have been recognised in respect of potential recoveries or claims arising from these matters, the outcomes remain uncertain, and they have been considered in the Group's assessment of legal exposures, governance matters and going-concern assumptions.

b. <u>Claim filed by former shareholders of GCI – purchase consideration</u>:
On 7 August 2025, the former shareholder of GCI filed a claim against Chemanol before the Commercial Court in Dammam seeking payment of ⃁ 73,000,000, which they allege represents the outstanding balance of the purchase consideration under the relevant Sale and Purchase Agreement. In addition, the claim includes a separate demand for damages amounting to ⃁ 3,650,000. On 9 February 2026, the Commercial Court in Dammam ordered a judicial stay of the proceedings due to the existence of another related lawsuit. As at 31 December 2025, the proceedings remain stayed. The ultimate outcome of this matter, including whether any financial obligation will arise and the amount thereof, remains uncertain.

37. CONTINGENCIES AND COMMITMENTS (continued)

(iii) Legal cases relating to subsidiaries (continued)

c. Claim filed by former shareholders of ACC – reimbursement of ⃁ 15 million injections:
On 24 September 2025, the former shareholders of ACC filed a claim against Chemanol before the Commercial Court in Dammam seeking reimbursement of ⃁ 15,393,420, which they allege relates to amounts injected prior to the execution of the Sale and Purchase Agreement. In addition, the claim includes a separate demand for damages amounting to ⃁ 1,539,342. The Company had submitted a request to the Court to stay the proceedings, which was denied, and an appeal has been filed against this decision before the Court of Appeal. Further, the Primary Court has issued a ruling in favour of the former shareholders. The Company has filed an appeal against this judgment, and accordingly the matter remains subject to further judicial proceedings.

d. Claim filed by former shareholders of ACC – purchase consideration:
On 6 October 2025, the former shareholders of ACC filed a claim against Chemanol before the Commercial Court in Dammam seeking payment of ⃁ 43,890,000, which they allege represents the outstanding balance of the purchase consideration under the Sale and Purchase Agreement. On 14 February 2026, the Commercial Court in Dammam ordered a judicial stay of the proceedings due to the existence of another related lawsuit, in accordance with applicable procedural regulations. As at 31 December 2025, the proceedings remain stayed. The ultimate outcome of this matter, including the timing and amount of any potential financial obligation, cannot be determined with sufficient reliability at this stage.

e. Claim filed by former shareholders of ACC – guarantor payments for bank facilities:
On 5 October 2025, the former shareholders of ACC filed a separate claim against Chemanol and ACC before the Commercial Court in Dammam seeking reimbursement of amounts they allege to have paid as guarantors in respect of the Company's bank facilities. The initial claim amounted to ⃁ 45,105,584 and was subsequently amended to ⃁ 185,216,439 following a petition accepted by the Court on 31 December 2025. In addition, the claim includes a separate demand for damages amounting to ⃁ 18,521,634. On 9 February 2026, the Commercial Court in Dammam ordered a judicial stay of the proceedings due to the existence of another related lawsuit, to avoid conflicting judgments. As at 31 December 2025, the proceedings remain stayed. Based on legal advice received, the existence and extent of any obligation arising from these claims remain uncertain, and the outcome cannot be reliably estimated.

f. Claim filed by former shareholders of GCI – guarantor payments for bank facilities:
Subsequent to the year end, during April 2026, the former shareholders of GCI filed separate claims before the Commercial Court in Dammam seeking reimbursement of amounts they allege to have paid as guarantors in respect of the Company's bank facilities. This claim has been filed against GCI. The claim amounts to ⃁ 19,575,796 and is currently awaiting the submission of first written response from the plaintiffs. In addition, the claim includes a separate demand for damages amounting to ⃁ 3,011,368. Based on legal advice received, the existence and extent of any obligation arising from these claims remain uncertain, and the outcome cannot be reliably estimated.

The Group management has evaluated that the Share Purchase Agreements entered into in respect of the acquisitions of the Company's subsidiaries which affirms the sellers' obligation to personally guarantee the loans until the lenders of the Parent Company approve the transfer of these guarantees to the Parent Company. The lenders of the Parent Company have not provided approval to transfer the guarantees as of the reporting date. During the year, a portion of the subsidiaries' outstanding loan balances amounting to ⃁ 234.3 million was settled by the former shareholders and an existing shareholder. The former shareholders have initiated legal proceedings to recover the amounts paid by them as part of the settlement. As the Parent Company is not the primary obligor in respect of these borrowings, the amounts settled were reclassified to other payables, representing amounts due to the former shareholders (Note 30). The Parent Company, after considering the advice of its external legal counsel, concluded that with respect to legal cases disclosed in Note 37 (iii)(b) to 37 (iii)(d) above, the Group has adequately provided for the related obligations.

(iv) The Group is also subject to a number of claims filed by employees of the Parent Company and vendors of certain subsidiaries in respect of outstanding dues. Based on management's assessment, the majority of such exposures have been appropriately provided for in the financial statements and, accordingly, these matters are not expected to have a material impact on the Group's financial position.

38. RESTATEMENT OF COMPARATIVES AMOUNTS

During the year, the group identified certain errors that have been corrected by restating each of the affected financial statement line items for prior periods in the consolidated financial statements for the year ended December 31, 2025 in accordance with IAS 8, "Accounting policies, changes in accounting estimates and errors. The nature of such errors and its corresponding impact on the comparative periods presented in the consolidated financial statements for the year ended 31 December 2025 is detailed below:

Restatement 1
During 2024, the Company entered into a marketing and distribution arrangement with a customer for sales in the European market. Under this arrangement, sales were initially recorded at provisional prices and subsequently adjusted in accordance with the agreed pricing mechanism. Under the contractual terms, the final sales price is to be determined as the actual sales price to end customers less actual storage and delivery costs and a marketing fee. Following a review of the contractual terms, management concluded that the difference between initially recognised provisional sales price and the final price represents consideration payable associated with the revenue recognised and should be recorded on an accrual basis as a reduction of revenue, with a corresponding adjustment to trade receivables. The amounts have been estimated based on the best available information and management's assessment of the contractual terms. Accordingly, the prior period consolidated financial statements have been restated.

Restatement 2
During 2024, the Parent Company acquired ACC and GCI, as disclosed in Note 19. During the year, the Group identified certain errors affecting the measurement of purchase considerations for the ACC and GCI acquisitions, primarily relating to the reassessment of expected payments timing, the timing of interest recognition, and the application of discounting. The Group reassessed the purchase considerations based on errors identified and accordingly, purchase considerations and finance costs have been remeasured and comparatives amounts have been restated.

Restatement 3
During the year, the Group identified an error in the elimination of an intra-group provision. This error has been adjusted by restating the prior period consolidated financial statements.

Restatement 4
During the year, management reassessed the presentation cash and cash equivalent relating to cash balances held in Debt Service Reserve Account (DSRA) and Debt Service Account (DSA) under the Group's financing arrangements. These balances are subject to contractual restrictions and are not available for general use. Accordingly, the Group has revised its accounting presentation to exclude these restricted balances from cash and cash equivalents for the purposes of the statement of cash flows, while continuing to present them within cash and cash equivalents in the statement of financial position. The comparative information for the prior year has been restated to reflect this change (Note 24), with no impact on total cash balances, profit or loss, or equity.

Restatement 5
Please refer to Note 31 (c) for the restatement of the related party disclosure in relation to the acquisition of ACC and GCI.

Impact on statement of financial position (increase/decrease) as at 31 December 2024	**As previously reported**	**Restatement 1**	**Restatement 2**	**Restatement 3**	**Balance after adjustments**
ASSETS					
CURRENT ASSETS					
Trade receivables	162,269,649	(4,956,086)	-	-	157,313,563
Prepayments and other current assets	50,191,080	-	-	2,484,202	52,675,282
LIABILITIES					
CURRENT LIABILITIES					
Accruals and other current liabilities	219,649,793	-	3,817,777	-	223,467,570
EQUITY					
Accumulated losses	(67,818,285)	(4,956,086)	(3,817,777)	2,484,202	(74,107,946)

38. RESTATEMENT OF COMPARATIVES AMOUNTS (Continued)

Impact on statement of profit or loss (increase/decrease) as at 31 December 2024	**As previously reported**	**Restatement 1**	**Restatement 2**	**Restatement 3**	**2024**
Revenue	710,521,250	(4,956,086)	-	-	705,565,164
Other operating expenses, net	(13,508,791)	-	-	2,484,202	(11,024,589)
Finance costs	(48,105,452)	-	(3,817,777)	-	(51,923,229)
Net impact on loss for the year	**(286,229,346)**	**(4,956,086)**	**(3,817,777)**	**2,484,202**	**(292,519,007)**
Attributable to:					
Equity holders of the Parent Company	(272,299,794)	(4,956,086)	(3,817,777)	2,484,202	(278,589,455)
Impact on basic and diluted loss per share attributable to ordinary equity holders of the parent company	(4.04)	(0.07)	(0.06)	0.04	(4.13)

The Parent Company's management has assessed that there is no impact of the above on the statement of financial position as at 1 January 2024 (31 December 2023). Accordingly, no adjustment to opening balances for the earliest comparative period is required, and therefore no third statement of financial position as at 1 January 2024 has been presented. Further, the change did not impact other comprehensive income (OCI) for the period or the Group's operating, investing and financing cash flows.

39. SUBSEQUENT EVENTS

Subsequent to the reporting date, the following key developments have occurred:

- The Company has obtained approval from CMA to implement a proposed reduction of its share capital to offset accumulated losses. The proposed capital reduction remains subject to shareholder approval, which is scheduled for 14 July 2026 (Note 25).
- The Company has reached an agreement with its lenders to defer the repayment of a scheduled loan instalment falling due in 2026, thereby aligning scheduled repayment obligations with the Company's projected cash flow profile (Notes 3 and 27.1.1).
- The Company has entered into an agreement with the relevant vendor in respect of the deferral of outstanding payables relating to a major capital project, including agreed terms for settlement of the deferred amounts (Note 3).
- The former shareholders of GCI have filed separate claims against GCI claiming SR 19.6 million plus damages in lieu of amounts paid as guarantors in respect of the Company's bank facilities (Note 37 (iii) (f)).

These developments are expected to support the Company's liquidity position and enhance financial flexibility going forward.

Further, the Company has received loan discharge letters from lenders of certain subsidiaries, confirming the release and settlement of previously outstanding financing obligations at the subsidiary level (Note 27).

Furthermore, the geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasis the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements as at 31 December 2025, which reflect conditions existing at that date. The Group has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of the Group's core operating activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

In the opinion of management, except for the above, there have been no significant subsequent events since the year ended 31 December 2025 that would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.