



**METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Methanol Chemicals Company - Saudi Joint Stock Company (the "Parent Company"), and its subsidiaries (collectively referred to as the "Group") as at 30 June 2025, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six month periods ended 30 June 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Material uncertainty relating to going concern

We draw attention to Note 3 in the interim condensed consolidated financial statements, which indicates that the Group has incurred a net loss of ﷲ 529.3 million for the period ended 30 June 2025 and, as of that date, the Group's current liabilities exceeded its current assets by ﷲ 314.6 million and accumulated losses of the Group exceeds half of its capital. These events or conditions, along with other matters as set forth 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 ability of the Group to continue its operations is dependent on the completion of measures as detailed in Note 3 and in particular a right-issue that management expects to complete in the second quarter of 2026. Further, as detailed in Note 3, the Board of Directors of the Company have decided not to assume the credit facilities of its subsidiaries. Consequently, the ability of the Company to initiate and complete the rights issue is contingent upon various factors, including regulatory approvals. The Parent Company has accordingly prepared these interim condensed consolidated financial statements on a going concern basis. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Report on Other Legal and Regulatory Requirements

We draw attention to Note 3 to the accompanying interim condensed consolidated financial statements, the accumulated losses of the Group exceeded half of the Capital as at the reporting date. As required by Article 132 of the Saudi Arabian Regulations for Companies' Law, the Board of Directors shall, within 60 days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an extraordinary general assembly meeting to address the solvency issue and to consider the continuation of the Parent Company by taking measures necessary to resolve such losses or the dissolution of the Parent Company. As at the date of this report, the shareholder announcement of the losses and their recommendations has not been published and extraordinary general assembly meeting was not convened as required by law.

for Ernst & Young Professional Services



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



Al Khobar: 17 Safar 1447H
11 August 2025

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025
(All amounts in ﷲ unless otherwise stated)



	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue	5	152,379,624	169,042,848	320,275,645	352,310,306
Cost of sales		(151,139,584)	(144,516,569)	(303,592,860)	(305,952,786)
GROSS PROFIT		1,240,040	24,526,279	16,682,785	46,357,520
Selling and distribution expenses		(22,764,043)	(21,454,652)	(46,434,033)	(40,792,557)
General and administration expenses		(35,017,648)	(21,938,165)	(54,689,155)	(40,232,645)
Other operating expenses		(82,541,378)	(468,718)	(84,882,688)	(1,246,668)
Impairment losses	13	(336,488,430)	-	(336,488,430)	-
OPERATING LOSS		(475,571,459)	(19,335,256)	(505,811,521)	(35,914,350)
Finance costs		(10,809,385)	(11,198,764)	(21,681,948)	(20,064,306)
Finance income		996,895	3,076,101	1,770,966	6,060,320
Finance costs, net		(9,812,490)	(8,122,663)	(19,910,982)	(14,003,986)
LOSS BEFORE ZAKAT		(485,383,949)	(27,457,919)	(525,722,503)	(49,918,336)
Zakat expense		(1,493,157)	(3,000,000)	(3,593,157)	(5,325,021)
LOSS FOR THE PERIOD		(486,877,106)	(30,457,919)	(529,315,660)	(55,243,357)
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(486,877,106)	(30,457,919)	(529,315,660)	(55,243,357)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the Parent Company		(427,262,904)	(28,283,661)	(467,729,583)	(52,504,656)
Non-controlling interests		(59,614,202)	(2,174,258)	(61,586,077)	(2,738,701)
		(486,877,106)	(30,457,919)	(529,315,660)	(55,243,357)
Loss per share					
Basic and diluted loss per share	6	(6.33)	(0.42)	(6.93)	(0.78)

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 11 August 2025 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 17 form an integral part of these interim condensed consolidated financial statements.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

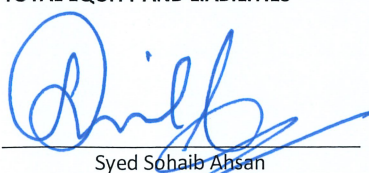
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

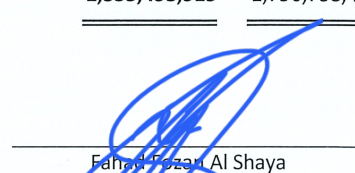
(All amounts in ﷲ unless otherwise stated)



	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		918,602,569	1,280,156,156
Right-of-use assets		13,622,281	23,531,720
Intangible assets		4,155,516	15,452,755
TOTAL NON-CURRENT ASSETS		936,380,366	1,319,140,631
CURRENT ASSETS			
Inventories		111,017,866	119,763,506
Trade receivables		140,741,999	162,269,649
Prepayments and other current assets		53,998,860	50,191,080
Short-term deposits		30,000,000	-
Cash and cash equivalents		81,354,824	145,428,570
TOTAL CURRENT ASSETS		417,113,549	477,652,805
TOTAL ASSETS		1,353,493,915	1,796,793,436
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	674,508,630	674,508,630
Share premium		72,850,071	72,850,071
Statutory reserve	8	89,161,988	89,161,988
Retained earnings		(535,547,868)	(67,818,285)
Equity attributable to equity holders of the Parent Company		300,972,821	768,702,404
Non-controlling interests		(77,679,156)	(16,093,079)
TOTAL EQUITY		223,293,665	752,609,325
NON-CURRENT LIABILITIES			
Long-term borrowings	9	287,831,621	290,706,603
Employee benefit obligations		80,343,747	76,110,180
Lease liabilities		30,305,849	31,228,740
TOTAL NON-CURRENT LIABILITIES		398,481,217	398,045,523
CURRENT LIABILITIES			
Current portion of long-term borrowings	9	275,173,841	278,348,562
Accruals and other current liabilities		323,051,738	219,649,793
Trade payables		85,957,169	68,581,429
Short Term Finance	10	36,747,886	65,000,000
Current portion of lease liabilities		2,367,668	2,024,498
Zakat payable		8,420,731	12,534,306
TOTAL CURRENT LIABILITIES		731,719,033	646,138,588
TOTAL LIABILITIES		1,130,200,250	1,044,184,111
TOTAL EQUITY AND LIABILITIES		1,353,493,915	1,796,793,436


Syed Sohaib Ahsan
Chief Financial Officer


Awadh Fahad Al Waridah
Chief Executive Officer


Fahad Fozan Al Shaya
Chairman

The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in ﷲ unless otherwise stated)



	Share capital	Share premium	Statutory reserve	Retained earnings	Non-controlling interest	Total equity
At 1 January 2024	674,508,630	72,850,071	89,161,988	204,037,799	-	1,040,558,488
Loss for the period	-	-	-	(52,504,656)	(2,738,701)	(55,243,357)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(52,504,656)	(2,738,701)	(55,243,357)
Acquisition of subsidiary	-	-	-	-	(18,058,127)	(18,058,127)
As at 30 June 2024 (Unaudited)	<u>674,508,630</u>	<u>72,850,071</u>	<u>89,161,988</u>	<u>151,533,143</u>	<u>(20,796,828)</u>	<u>967,257,004</u>
At 1 January 2025	674,508,630	72,850,071	89,161,988	(67,818,285)	(16,093,079)	752,609,325
Loss for the period	-	-	-	(467,729,583)	(61,586,077)	(529,315,660)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(467,729,583)	(61,586,077)	(529,315,660)
As at 30 June 2025 (Unaudited)	<u>674,508,630</u>	<u>72,850,071</u>	<u>89,161,988</u>	<u>(535,547,868)</u>	<u>(77,679,156)</u>	<u>223,293,665</u>

Syed Sohail Ahsan
Chief Financial Officer

Awadh Fahad Al Waridah
Chief Executive Officer

Fahad Fozan Al Shaya
Chairman

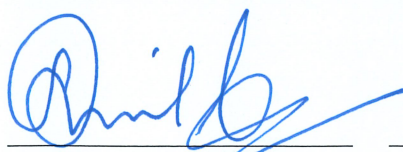
The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

METHANOL CHEMICALS COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in ﷲ unless otherwise stated)



	Note	For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
OPERATING ACTIVITIES			
Loss before zakat		(525,722,503)	(49,918,336)
<i>Adjustments to reconcile loss before zakat to net cash flows:</i>			
Depreciation on property, plant and equipment		52,770,304	52,741,803
Impairment of property, plant and Equipment	13	317,106,893	-
Impairment of intangible	13	10,310,516	-
Impairment of right-of-use assets	13	9,071,021	-
Loss on disposal of property and equipment		274,154	193,949
Depreciation of right-of-use assets		838,418	660,556
Amortisation of intangible assets		1,260,454	983,856
Provision for inventories		2,303,730	1,743,668
Provision for expected credit loss		13,452,342	-
Finance cost on borrowings		21,681,948	20,075,676
Finance income		(1,770,966)	(6,060,320)
Provision for employee benefit obligations		5,744,512	5,679,943
		(92,679,177)	26,100,795
Changes in operating assets and liabilities:			
Inventories		6,441,910	(678,684)
Trade receivables		8,075,307	14,950,182
Prepayments and other current assets		(3,853,285)	(17,667,006)
Trade payables		17,375,732	(22,127,566)
Accruals and other current liabilities		103,401,948	22,308,437
Cash generated from operations		38,762,435	22,886,158
Finance costs paid on borrowings		(13,165,335)	(16,020,680)
Zakat paid during the period		(7,706,732)	(10,794,058)
Employee benefit obligations paid		(1,510,945)	(1,730,754)
Net cash flows (used in)/from operating activities		16,379,423	(5,659,334)
INVESTING ACTIVITIES			
Short-term deposits		(30,000,000)	33,900,000
Additions to property, plant and equipment		(8,871,498)	(14,943,500)
Finance income received on short-term deposits		1,816,480	6,779,443
Net cash flows (used in) / from financing activities		(37,055,018)	25,735,943
FINANCING ACTIVITIES			
Repayment of long-term borrowings		(10,747,976)	(14,778,510)
Net movement in short-term borrowings		(31,080,457)	2,297,360
Repayments of lease liabilities		(1,569,718)	(578,116)
Net cash flows used in financing activities		(43,398,151)	(13,059,266)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(64,073,746)	7,017,343
Cash and cash equivalents of the acquired subsidiaries		-	116,384,563
Cash and cash equivalents at beginning of the period		145,428,570	3,150,521
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		81,354,824	126,552,427


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The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in ﷲ unless otherwise stated)



1. CORPORATE INFORMATION

Methanol Chemicals Company (the "Parent Company") is a joint stock company registered in the Kingdom of Saudi Arabia and operating under Commercial Registration (CR) number 2055001870 issued in Jubail on 28 Dhu al-Hijjah 1409H (1 August 1989). The accompanying interim condensed consolidated financial statements include the financial information of the Parent 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 Parent Company is P.O. Box 2101, Jubail 31951, Kingdom of Saudi Arabia.

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

<i>Name of subsidiaries</i>	<i>Country of incorporation</i>	<i>Shareholding (%)</i>	
		<i>30 June 2025</i>	<i>31 December 2024</i>
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 Arabia.

Global Company for Chemical Industries Ltd. 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.

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 Arabia. On 10 March 2024, Chemanol paid its share of the capital and acquired control of the subsidiary.

GROUP ACTIVITIES

Methanol Chemicals Company (the "Parent 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, Penta Arithereol, Sodium Formate and Acetaldehyde.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements for the six-month period ended 30 June 2025 have been prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") ("IAS 34").

These interim condensed consolidated financial statements are presented in Saudi Riyals (ﷲ), which is both the functional and presentation currency of the Group.

These interim condensed consolidated financial statements are prepared using historical cost convention, using the accrual basis of accounting except where IFRS requires other measurement basis.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these interim condensed consolidated financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2024. An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full-year operations.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1. Basis of preparation (continued)

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and not less than 12 months from the end of the reporting period (see also Note 3).

2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Lack of exchangeability - Amendments to IAS 21

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

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

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

3. GOING CONCERN BASIS OF ACCOUNTING

The Group reported a net loss of ﷲ 529.3 million for the period 30 June 2025 (31 December 2024: ﷲ 286.23) including the loss relating to the impairment of subsidiaries amounting to ﷲ 336.4 million, with current liabilities exceeding current assets and accumulated losses of the Group exceeding half of its capital as at the reporting date. Additionally, the Group has not repaid certain loan instalments due by its subsidiaries, which are also non-compliant with specific loan covenants. This non-compliance has led to loans amounting to ﷲ 136.2 million (31 December 2024: ﷲ 144.8 million) being classified as current liabilities in the interim condensed consolidated statement of financial position as at the reporting date. The Group's products have experienced demand and price declines consistent with industry trends. These events and conditions indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Board of Directors has reviewed and approved cash flows projections for the next 12 months and initiated various measures to improve the liquidity position of the Group, including but not limited to:

- 1) A capital increase through rights issuance, the timing of which is delayed due to the current market situation,
- 2) Discussions with lenders of the subsidiaries regarding loan restructuring and/or rescheduling,
- 3) Arranging additional short term loan facilities; and
- 4) Implementing operational efficiencies.

The Group's Board of Directors (BOD) aims to implement the rights issuance to raise additional capital and address the Group's liquidity concerns. Although the previous BOD approved the rights issuance in 2024, the newly appointed BOD is currently assessing the Group's cash requirements. Nevertheless, they remain committed to executing this measure in 2026.

The share purchase agreement entered into in respect of the acquisition of the Company's subsidiaries 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. Further, the Board of Directors of the Parent Company also does not intend to assume or settle these loans. There is consequently a risk that the subsidiaries' loans are not settled. While the primary measure of the Parent Company to improve its own liquidity is from the proceeds from a rights issuance, the existing defaults on the subsidiaries' loans may affect the success of this plan.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in ﷲ unless otherwise stated)



3. GOING CONCERN BASIS OF ACCOUNTING (continued)

Additionally, the management of the Parent Company is pursuing options to secure a new short-term facility of ﷲ 100 million to support its ongoing working capital needs.

The Group's management has also implemented immediate and significant cost-reduction measures to optimize the Group's cash flows and liquidity position. These measures include:

- (1) deferring or cancelling discretionary expenditures;
- (2) freezing non-essential recruitment;
- (3) reducing non-essential expenditures;
- (4) efficiency improvements in production processes; and
- (5) renegotiating terms of payment with suppliers.

The ability of the Group to continue its operations depends on the successful rights issue which management is confident to be completed in next 12 months after the Board of Directors affirmation obtained on 7 August 2025. Based on the Group's financial projections and the steps taken above, the Group's management 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 interim condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

5. REVENUE

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
<i>Geographical markets:</i>				
Exported sales outside the Kingdom of Saudi Arabia	79,316,128	122,567,863	179,928,095	249,436,746
Local sales (within the Kingdom of Saudi Arabia)	73,063,496	46,474,985	140,347,550	102,873,560
	152,379,624	169,042,848	320,275,645	352,310,306

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 30 June 2025 and 2024.

Revenue recognised during the period, that was included in the contract liability at the beginning of the period ended 30 June 2025 amounted to ﷲ 6.9 million (31 December 2024: ﷲ 12.7 million).

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in ﷲ unless otherwise stated)



6. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares issued during the period. Diluted loss per share is calculated by dividing the loss for the period attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period 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 loss per share are identical.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Loss for the period attributable to equity holders of the Parent Company (ﷲ)	(427,262,904)	(28,283,661)	(467,729,583)	(52,504,656)
Weighted average number of shares (Number of shares)	67,450,863	67,450,863	67,450,863	67,450,863
Basic and diluted loss per share attributable to equity holders of the Parent Company (ﷲ)	(6.33)	(0.42)	(6.93)	(0.78)

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of these interim condensed consolidated financial statements which would require the restatement of loss per share.

7. SHARE CAPITAL

As at 30 June 2025, the authorised, issued and fully paid-up share capital comprised ﷲ 67.5 million (2024: ﷲ 67.5 million) ordinary shares of ﷲ 10 per share (2024: ﷲ 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 ﷲ 674,508,630. Subsequent to the end of the period, management has appointed the financial advisor for the transaction.

On 15 May 2024, the Board of Directors of the Parent Company has further resolved to reduce the initial target amount from ﷲ 674,508,630 to ﷲ 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 ﷲ 350,000,000.

8. 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's Bylaws to exclude the requirement to maintain a statutory reserve. The Parent Company's Board of Directors is in the process of assessing the appropriate use of this reserve and obtaining the shareholders' approval in the upcoming Extraordinary General Meeting.

9. LONG-TERM BORROWINGS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Murabaha refinancing facilities	549,971,762	572,324,945
Add: accrued finance costs	16,319,365	662,350
Less: unamortised transaction costs	(3,285,665)	(3,932,130)
	563,005,462	569,055,165

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9. LONG-TERM BORROWINGS (continued)

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Long-term borrowings	287,831,621	290,706,603
Current maturity shown under current liabilities	275,173,841	278,348,562
	563,005,462	569,055,165

Movement in long-term borrowings is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At 1 January	569,055,165	351,579,048
Transfers on acquisition	-	261,174,413
Add: finance costs for the period/year	16,997,527	41,178,173
Add: amortisation of transaction costs	646,463	4,189,659
Less: repayment of principal during the period/year	(10,747,976)	(48,244,287)
Less: repayment of finance costs	(12,945,717)	(40,821,841)
	563,005,462	569,055,165

a. Methanol Chemical Company - Murabaha refinancing facility

In July 2022, the Parent Company entered 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 ﷲ 455 million is 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. The carrying values of such long-term borrowings are denominated in Saudi Riyals "ﷲ". The instalments due in 2023 were settled early by the Group in December 2022 taking advantage of the favorable cash position of the Group.

In addition to the Murabaha refinancing facility, an additional Murabaha expansion facility of ﷲ 240 million was also available under the agreement for project financing subject to meeting initial conditions precedent prior to utilisation of the facility during 2023. As at the reporting date, the total outstanding amount payable is ﷲ 314.9 million, out of which ﷲ 26.3 million is classified as current.

b. Addar Chemicals Company - Arab National Bank

In December 2021, Addar Chemicals Company renewed the credit facilities agreement compatible with Sharia controls with the Arab Bank for a total value of the loan ﷲ 164.8 million including financing through Tawarruq for a fixed period for the amount of ﷲ 144.8 million. These loans carry an average finance cost of 1.75% - 2.00% plus SAIBOR. The loan was secured by the Company against the sellers personal guarantees. The loan agreements contain certain covenants which, among other things, require certain financial ratios to be maintained. During the prior year, these financial ratios were breached as disclosed in Note 3 and the entire loan amount has been classified to current liabilities. As at the reporting date, the total outstanding amount payable is ﷲ 164.8 million is classified as current.

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9. LONG-TERM BORROWINGS (continued)

c. Addar Chemicals Company - Saudi Industrial Development Bank

In December 2015, Addar Chemicals Company obtained a loan from the Saudi Industrial Development Fund (SIDF) to finance the Specialised Chemical Solvents factory project for the production of sulfuric acid and sulfolane in the industrial area for an amount of ﷲ 80.0 million, with the ACC's commitment to SIDF with a set of general and personal guarantees of sellers. During the prior year, these financial ratios were breached as disclosed in Note 3 and the entire loan amounts has been classified to current liabilities. As at the reporting date, the outstanding amount payable is ﷲ 80.2 million is classified as current.

d. Global Company for Chemical Industries – Arab National Bank

In September 2021, Global Company for Chemical Industries renewed the credit facilities agreement compatible with Sharia controls with the Arab National Bank for a total value of the loan amounting to ﷲ 22.18 million including financing through Tawarruq for a fixed period amounting to ﷲ 20 million. These loans carry an average finance cost of 1.75% - 2.00% plus SAIBOR. During the prior year, these financial ratios were breached as disclosed in Note 3 and loan amounts classified to current liabilities. As at the reporting date, the outstanding amount payable amounts to ﷲ 13.5 million is classified as current.

e. Global Company for Chemical Industries - Conventional facilities (SIDF and SAB)

In December 2018, Global Company for Chemical Industries obtained a loan from the Saudi Industrial Development Fund (SIDF) and Saudi Awwal Bank to finance the Specialised Chemical Solvents factory project to produce Anisole and MPP Products in the industrial area amounting to ﷲ 30.75 million, the loan was secured by the Company against the seller's personal guarantees. As at the reporting period, the amount of the facility utilised amounted to ﷲ 24.98 million. During the prior year, these financial ratios were breached as disclosed in Note 3 and loan amounts classified to current liabilities. As at the reporting date, the outstanding amount payable amounts to ﷲ 25.1 million is classified as current.

The management of the Group has initiated loan restructuring and/or rescheduling discussions with lenders of its subsidiaries (Notes 9.b to 9.e) and has received offer letters (Note 3).

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
2025	272,957,448	279,653,616
2026	24,472,949	24,472,949
2027	45,533,716	45,533,716
2028	46,545,226	46,545,226
Thereafter	176,781,788	176,781,788
	566,291,127	572,987,295

10. SHORT TERM FINANCE

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 carry an average finance cost of 5% - 8%.

The movement of short-term borrowings is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At 1 January	65,000,000	-
Addition during the period/year	-	77,721,034
Add: charge for the period	2,828,343	-
Transfers on acquisition of a subsidiary	-	49,620,695
Less: repayment during the period / year	(31,080,457)	(62,341,729)
	36,747,886	65,000,000

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11. RELATED PARTY TRANSACTIONS

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").

a) Group has no significant transaction with its related parties (2024: ﷲ Nil).

b) Key management personnel compensation:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Salaries and other short-term employee benefits	2,405,693	2,313,476	4,735,856	4,480,495
Employee benefit obligations	38,138	36,408	76,400	71,167
	2,443,831	2,349,884	4,812,256	4,551,662

The Board of Directors' and related committee members' compensation and bonus for the three-month and six-month period ended 30 June 2025 amounted to ﷲ 1.4 million and ﷲ 2.8 million respectively (for the three-month and six-month periods ended 30 June 2024: ﷲ 2.2 million and ﷲ 4.2 million respectively)

12. CONTINGENCIES AND COMMITMENTS

- At 30 June 2025, the Group was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to ﷲ 73.4 million and ﷲ 0.3 million respectively (31 December 2024: ﷲ 59.2 million and ﷲ 17.9 million).
- The capital expenditure contracted by the Group but not incurred till 30 June 2025 was approximately ﷲ 60.2 million (31 December 2024: ﷲ 15.8 million).
- Zakat assessment for the Parent Company was finalised up to fiscal year 2022. The assessment for the year 2023 and 2024 is currently under review by the ZATCA. For Addar Chemicals Company, Zakat assessments were agreed with ZATCA up to 2016. The assessment of the year 2017 to 2024 have not been raised by the ZATCA. For Global Company for Chemicals Industries, Zakat assessments were agreed with ZATCA up to 2020. The assessments from the year 2021 and 2024 have not been raised by the ZATCA.

13. IMPAIRMENT OF NON-CURRENT ASSETS

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 period ended 30 June 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 amount 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 ﷲ 336.4 million in the interim condensed 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 subsidiaries' senior management 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 flows and margins of the affected CGUs.
- The Parent Company resolution to ceased 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.

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13. IMPAIRMENT OF NON-CURRENT ASSETS (continued)

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

30 June 2025 (Unaudited)					
	Carrying amount of assets acquired ﷲ	Goodwill ﷲ	Total ﷲ	Recoverable amount (value-in-use) ﷲ	Impairment loss ﷲ
CGU					
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)

31 December 2024 (Audited)					
	Carrying amount of assets acquired ﷲ	Goodwill ﷲ	Total ﷲ	Recoverable amount (value- in-use) ﷲ	Impairment loss ﷲ
CGU					
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 impairment loss has been allocated as follows:

	Amount ﷲ
Property, plant and equipment	317,106,893
Intangible assets	10,310,516
Right-of-use assets	9,071,021
Total	336,488,430

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 post-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.

Management has performed sensitivity analyses around the key estimates and assumptions and believes that:

- A 1% change in the discount rate will result in the reversal of impairment loss by approximately ﷲ 3.3 million.

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.

The recoverable amounts of all other CGUs were higher than their carrying amounts as at the reporting date.

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14. 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 interim condensed 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:

	30 June 2025 (Unaudited)				
	Methanol Chemicals Company ﷲ	Addar Chemicals Company ﷲ	Global Company for Chemical Industries ﷲ	Mdarat Al Dhara Chemicals Company ﷲ	Total ﷲ
Revenue:					
Total segment revenue	287,571,211	9,276,810	36,372,412	-	333,220,433
Inter-segment revenue elimination	(12,607,547)	(337,241)	-	-	(12,944,788)
Revenue from external customers	274,963,664	8,939,569	36,372,412	-	320,275,645
Loss before finance cost, net, depreciation and amortisation, zakat and impairment loss	(102,796,015)	(12,128,195)	475,519	(5,224)	(114,453,915)
Impairment loss	-	(251,572,886)	(84,915,544)	-	(336,488,430)
Finance cost, net	(12,020,938)	(6,693,003)	(1,197,041)	-	(19,910,982)
Depreciation and amortisation	(47,867,577)	(5,169,960)	(1,831,639)	-	(54,869,176)
Loss before zakat	(162,684,530)	(275,564,045)	(87,468,705)	(5,224)	(525,722,503)
Zakat	(3,593,157)	-	-	-	(3,593,157)
Segment loss from operation	(166,277,687)	(275,564,045)	(87,468,705)	(5,224)	(529,315,660)

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

30 June 2025 (Unaudited)	Methanol Chemicals Company ﷲ	Addar Chemicals Company ﷲ	Global Company for Chemical Industries ﷲ	Mdarat Al Dhara Chemicals Company ﷲ	Total ﷲ
Total assets	1,301,635,055	11,619,850	40,201,340	37,670	1,353,493,915
Total liabilities	630,339,400	368,699,254	119,314,252	11,847,344	1,130,200,250

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14. SEGMENT INFORMATION (continued)

	31 December 2024 (Audited)				
	Methanol Chemicals Company ﷲ	Addar Chemicals Company ﷲ	Global Company for Chemical Industries ﷲ	Mdarat Al Dhara Chemicals Company ﷲ	Total ﷲ
<i>Revenue:</i>					
Total segment revenue	669,071,690	10,196,072	34,947,051	-	714,214,813
Inter-segment revenue elimination	(2,742,752)	(950,811)	-	-	(3,693,563)
Revenue from external customers	666,328,938	9,245,261	34,947,051	-	710,521,250
Loss before finance cost, net, depreciation and amortisation, zakat and impairment loss	33,155,274	(24,646,378)	(2,132,452)	(13,804,450)	(7,428,006)
Impairment loss	(127,025,483)	-	-	-	(127,025,483)
Finance cost, net	(23,986,257)	(11,332,868)	(1,715,224)	-	(37,034,349)
Depreciation and amortisation	(102,718,082)	(7,090,861)	(387,938)	-	(110,196,881)
Loss before zakat	(220,574,548)	(43,070,107)	(4,235,614)	(13,804,450)	(281,684,719)
Zakat	(4,544,627)	-	-	-	(4,544,627)
Segment loss from operation	(225,119,175)	(43,070,107)	(4,235,614)	(13,804,450)	(286,229,346)

The following table presents assets and liabilities information for the Group's operating segments at the 31 December 2024:

	Methanol Chemicals Company ﷲ	Addar Chemicals Company ﷲ	Global Company for Chemical Industries ﷲ	Mdarat Al Dhara Chemicals Company ﷲ	Total ﷲ
31 December 2024 (Audited)					
Total assets	1,405,135,164	272,604,992	118,283,052	770,228	1,796,793,436
Total liabilities	659,497,897	297,195,357	78,442,570	9,048,287	1,044,184,111

15. FAIR VALUE OF ASSETS AND LIABILITIES

As at 30 June 2025 and 31 December 2024, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short-term in nature, carry interest rates that are based on prevailing market interest rates, and are expected to be realised at their current carrying values within twelve months from the date of the interim condensed consolidated financial statements position. 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.

16. EVENTS AFTER REPORTING PERIOD

Subsequent to the reporting period ended 30 June 2025, on 7 August 2025, the former shareholders of Global Company for Chemical Industries Limited (the "Plaintiffs") filed a commercial lawsuit against the Parent Company in the Dammam Commercial Court. The Plaintiffs are seeking payment of SR 73 million, which they claim represents the outstanding balance of the purchase consideration under the Share Purchase Agreement (the "SPA Agreement") dated May 2024, related to the sale of 80% equity shares of Global Company for Chemical Industries Limited to the Parent Company. The outstanding balance of the purchase consideration for the 80% equity shares is contingent upon the fulfillment of certain precedent conditions, which have not yet been met. The Parent Company has appointed a legal advisor to represent it in the proceedings and intends to deny the Plaintiffs' allegations and any liability towards them.

16. EVENTS AFTER REPORTING PERIOD (continued)

At this early stage, the outcome of the case remains uncertain due to the complexities involved. However, management believes that this lawsuit is not expected to have a material financial impact on the Group's interim condensed consolidated financial position as reflected in these interim condensed consolidated financial statements.

Additionally, aside from the aforementioned lawsuit, there have been no other significant subsequent events since 30 June 2025, that would materially affect the interim condensed consolidated financial position of the Group.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee (delegated by the Board of Directors) approved the interim condensed consolidated financial statements for the six months period ended 30 June 2025 on 17 Safar 1447H (corresponding to 11 August 2025).