



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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026



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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 - a Saudi Joint Stock Company (the "Parent Company"), and its subsidiaries (collectively referred to as the "Group") as at 31 March 2026, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and cash flows for the three-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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 48.3 million for the three month period ended 31 March 2026. As at that date, the Group's current liabilities exceeded its current assets by ﷲ 355.9 million and the Group's accumulated losses exceeded half of its share capital. In addition, the Group is involved in legal proceedings as described in Note 3. These events or conditions, along with other matters as 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. Management's plans in respect of these matters, including the planned rights issue and other mitigating measures, are also disclosed in Note 3. The interim condensed consolidated financial statements have been prepared on a going concern basis. Our conclusion is not modified in respect of this matter.

for Ernst & Young Professional Services



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

Al Khobar: 16 Safar 1448H
30 July 2026



METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026
(All amounts in ﷲ unless otherwise stated)



	Notes	For the three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited) Restated Note 18
Revenue	5	124,735,293	165,594,773
Cost of sales		(122,537,075)	(152,453,277)
GROSS PROFIT		2,198,218	13,141,496
Selling and distribution expenses		(17,354,846)	(23,669,986)
General and administration expenses		(22,089,755)	(19,671,504)
Other operating expenses, net		(841,960)	(2,341,314)
OPERATING LOSS		(38,088,343)	(32,541,308)
Finance costs		(10,530,573)	(12,769,359)
Finance income		362,361	774,070
Finance costs, net		(10,168,212)	(11,995,289)
LOSS BEFORE ZAKAT		(48,256,555)	(44,536,597)
Zakat expense		-	(2,100,000)
LOSS FOR THE PERIOD		(48,256,555)	(46,636,597)
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(48,256,555)	(46,636,597)
ATTRIBUTABLE TO:			
Equity holders of the Parent Company		(46,363,297)	(44,664,721)
Non-controlling interests		(1,893,258)	(1,971,876)
		(48,256,555)	(46,636,597)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	6	(0.69)	(0.66)

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 July 2026 and were signed on their behalf by:

 Muhammad Mohsin Yousaf Chief Financial Officer (Acting)	 Awadh Fahad Al Waridah Chief Executive Officer	 Fahad Fozan Al Shaya Chairman
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METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

(All amounts in ﷻ unless otherwise stated)



	Notes	31 March 2026 <i>(Unaudited)</i>	31 December 2025 <i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		875,210,621	896,374,950
Right-of-use assets		12,631,447	12,961,725
Intangible assets		2,675,431	3,168,792
TOTAL NON-CURRENT ASSETS		890,517,499	912,505,467
CURRENT ASSETS			
Inventories		116,357,064	90,507,621
Trade receivables		110,714,534	118,870,541
Prepayments and other current assets		53,964,399	50,445,797
Short-term deposit	7.2	12,816,400	-
Bank balances and cash	7.1	57,240,580	111,113,418
TOTAL CURRENT ASSETS		351,092,977	370,937,377
TOTAL ASSETS		1,241,610,476	1,283,442,844
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	674,508,630	674,508,630
Share premium		72,850,071	72,850,071
Statutory reserve	9	89,161,988	89,161,988
Accumulated losses		(597,669,392)	(551,306,095)
Equity attributable to equity holders of the Parent Company		238,851,297	285,214,594
Non-controlling interests		(80,462,133)	(78,568,875)
TOTAL EQUITY		158,389,164	206,645,719
NON-CURRENT LIABILITIES			
Long-term borrowings	10	267,794,286	267,503,663
Lease liabilities		29,284,879	29,320,103
Employee benefit obligations		79,102,570	79,070,875
TOTAL NON-CURRENT LIABILITIES		376,181,735	375,894,641
CURRENT LIABILITIES			
Current portion of long-term borrowings	10	84,632,075	102,781,400
Trade payables		85,223,246	89,732,684
Accruals and other current liabilities	11	534,013,128	505,232,836
Current portion of lease liabilities		2,782,582	2,767,018
Zakat provision		388,546	388,546
TOTAL CURRENT LIABILITIES		707,039,577	700,902,484
TOTAL LIABILITIES		1,083,221,312	1,076,797,125
TOTAL EQUITY AND LIABILITIES		1,241,610,476	1,283,442,844

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 July 2026 and were signed on their behalf by:

 Muhammad Mohsin Yousaf Chief Financial Officer (Acting)	 Awadh Fahad Al Waridah Chief Executive Officer	 Fahad Fozan Al Shaya Chairman
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The attached notes 1 to 19 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 THREE-MONTH PERIOD ENDED 31 MARCH 2026
(All amounts in \$ unless otherwise stated)



	Equity attributable to equity holders of the Parent Company					Non-controlling interest	Total equity
	Share capital	Share premium	Statutory reserve	Accumulated losses	Sub-total		
At 1 January 2025 <i>(as previously stated)</i>	674,508,630	72,850,071	89,161,988	(67,818,285)	768,702,404	(16,093,079)	752,609,325
Impact of correction of errors (Note 18)	-	-	-	(6,289,661)	(6,289,661)	-	(6,289,661)
Restated balance as 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 period <i>(restated)</i>	-	-	-	(44,664,721)	(44,664,721)	(1,971,876)	(46,636,597)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(44,664,721)	(44,664,721)	(1,971,876)	(46,636,597)
As at 31 March 2025 (Unaudited) <i>(restated)</i>	674,508,630	72,850,071	89,161,988	(118,772,667)	717,748,022	(18,064,955)	699,683,067
At 1 January 2026	674,508,630	72,850,071	89,161,988	(551,306,095)	285,214,594	(78,568,875)	206,645,719
Loss for the period	-	-	-	(46,363,297)	(46,363,297)	(1,893,258)	(48,256,555)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(46,363,297)	(46,363,297)	(1,893,258)	(48,256,555)
As at 31 March 2026 (Unaudited)	674,508,630	72,850,071	89,161,988	(597,669,392)	238,851,297	(80,462,133)	158,389,164

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 July 2026 and were signed on their behalf by:


Muhammad Mohsin Yousaf
Chief Financial Officer (Acting)


Awadh Fahad Al Waridah
Chief Executive Officer


Fahad Fozan Al Shaya
Chairman

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026
(All amounts in ﷲ unless otherwise stated)



		For the three-month period ended 31 March	
	Notes	2026 (Unaudited)	2025 (Unaudited) Restated Note 18
OPERATING ACTIVITIES			
Loss before zakat		(48,256,555)	(44,536,597)
<i>Adjustments to reconcile loss before zakat to net cash flows:</i>			
Depreciation on property, plant and equipment		22,732,871	27,461,015
Loss on scrap sales of property and equipment		-	8,945
Depreciation of right-of-use assets		330,278	419,209
Amortization of intangible assets		493,361	767,091
Provision for slow-moving inventories		2,599,205	500,000
Allowance for expected credit losses		3,850,626	2,487,731
Finance costs		10,530,573	12,769,359
Finance income		(362,361)	(774,071)
Provision for employee benefit obligations		2,643,748	2,909,256
		(5,438,254)	2,011,938
Changes in operating assets and liabilities:			
Inventories		(28,448,648)	(7,945,505)
Trade receivables		4,305,381	7,544,923
Prepayments and other current assets		(3,225,038)	(1,196,627)
Trade payables		(4,509,438)	(1,857,819)
Accruals and other current liabilities		23,973,181	4,500,452
Cash (used in) / generated from operations		(13,342,816)	3,057,362
Finance costs paid on borrowings	10	(1,579,623)	(1,159,406)
Zakat paid		-	(117,337)
Employee benefit obligations paid		(2,612,053)	(674,050)
Net cash flows (used in) / from operating activities		(17,534,492)	1,106,569
INVESTING ACTIVITIES			
Placement of short-term deposit		(12,816,400)	-
Additions to property, plant and equipment		(1,568,542)	(7,316,414)
Finance income received on short-term deposits		68,797	426,950
Net movement in restricted cash balances		49,352,046	256,043
Net cash flows from / (used in) investing activities		35,035,901	(6,633,421)
FINANCING ACTIVITIES			
Repayment of long-term borrowings	10	(21,526,400)	(1,223,358)
Repayment of short-term borrowings		-	(15,000,000)
Payment of lease liabilities		(495,801)	(310,000)
Net cash flows used in financing activities		(22,022,201)	(16,533,358)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,520,792)	(22,060,210)
Cash and cash equivalents at beginning of the period		61,649,364	111,189,323
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1	57,128,572	89,129,113

The accompanying consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 July 2026 and were signed on their behalf by:

		
Muhammad Mohsin Yousaf Chief Financial Officer (Acting)	Awadh Fahad Al Waridah Chief Executive Officer	Fahad Fozan Al Shaya Chairman

The attached notes 1 to 19 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

At 31 MARCH 2026

(All amounts in ﷻ 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 unified number 7001342679 having Commercial Registration (CR) number 2055001870 issued in Jubail on 28 Dhu al-Hijjah 1409H (1 August 1989). The accompanying 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"):

Name of subsidiaries	Country of incorporation	Shareholding (%)	
		31 March 2026 (Unaudited)	31 December 2025 (Audited)
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 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 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 "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 financial statements for the three-month period ended 31 March 2026 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 (ﷻ), which is both the functional and presentation currency of the Group.

These interim condensed consolidated financial statements are prepared using historical cost convention, except for, employee benefit obligations which is measured at fair value.

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 2025. 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 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 (Note 3).

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

The accounting policies applied and methods of computation 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 2025, except for the adoption of new standards effective as of 1 January 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (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 had no impact on the Group's interim condensed 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 had no impact on the Group's interim condensed 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, and they:

- 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 had no impact on Group's interim condensed consolidated financial statements.

3. GOING CONCERN BASIS OF ACCOUNTING

The Group reported a net loss of ﷲ 48.3 million for the period ended 31 March 2026 (31 December 2025: ﷲ 542.2 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 ﷲ 47.0 million (2025: ﷲ 56.2 million) have been classified as current liabilities in the prior year consolidated statement of financial position as at 31 December 2025. Further, during 2025, 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 ﷲ 341.2 million (Note 13). Furthermore, the Group's products have experienced demand and price declines consistent with industry trends and during to the reporting period, 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. 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.

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 ﷲ 350 million (Note 8). 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. Further, the Board has appointed the underwriter and banker for the issue. 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 8, the CMA approved the Parent Company's capital reduction on 7 May 2026. Following the CMA's approval, on 14 July 2026, the Extraordinary General Assembly was held, and the transaction was approved by shareholders. The Parent Company is in the process of completing the remaining statutory and procedural formalities with the Ministry of Commerce (Note 8). Upon proposed completion of the capital reduction and utilization of part of the statutory reserve, all accumulated losses of the Company amounting to ﷲ 577 million as of 30 September 2025 would be fully eliminated.
- (iii) As disclosed in Note 13, 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 13 (iii)(b) to 13 (iii)(e), 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.

3. GOING CONCERN BASIS OF ACCOUNTING (continued)

- (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.
- (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 10 and 16); 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. 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. 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.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 MARCH 2026

(All amounts in ﷲ unless otherwise stated)



5. REVENUE

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

	Three-month period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited) (Restated)
<i>Geographical markets:</i>		
Local sales (within the Kingdom of Saudi Arabia)	46,054,050	62,470,384
Exported sales outside the Kingdom of Saudi Arabia		
India	17,828,310	22,140,290
United Arab Emirates	12,194,430	14,699,784
Chile	7,531,275	6,814,875
Nigeria	6,721,650	14,224,714
Others	34,405,578	45,244,726
	124,735,293	165,594,773

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 March 2026 and 2025.

Revenue recognized, during the period, that was included in the contract liability (advance from customers) at the beginning of the year ended 31 March 2026 amounted to ﷲ 4.9 million (2025: ﷲ 7.5 million).

The decrease in revenue for the period ended 31 March 2026 was primarily attributable to the adverse economic consequences of geopolitical developments in the Middle East, as further described in Note 17.

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.

	Three-month period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited) (Restated)
Loss for the period attributable to equity holders of the Parent Company (ﷲ)	(46,363,297)	(44,664,721)
Weighted average number of shares (Number of shares)	67,450,863	67,450,863
Basic and diluted loss per share attributable to equity holders of the Parent Company (ﷲ)	(0.69)	(0.66)

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

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7. BANK BALANCES AND CASH

7.1 Details of bank balances and cash are as follows:

	31 March 2026	31 December 2025
	<i>(Unaudited)</i>	<i>(Audited)</i>
Cash in hand	48,470	45,835
Cash at bank (a)	57,192,110	111,067,583
Bank balances and cash (as per interim condensed consolidated statement of financial position)	57,240,580	111,113,418
Less: restricted cash balances (b)		
Debt service reserve account (DSRA)	-	(35,115,738)
Debt service account (DSA)	(112,008)	(14,348,316)
Cash and cash equivalents (as per interim condensed consolidated statement of cash flows)	57,128,572	61,649,364

- a) As at the reporting period, included within bank balances and cash an amount of ﷲ 27 thousand (2025: nil) which are frozen by the banks.
- b) 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.

7.2 Short-term deposit

Short-term deposit as at the reporting date amounting to ﷲ 12.8 million (2025: nil) represents a Saudi Riyal deposit designated under the Group's financing arrangements (Note 7.1 (b)) and is subject to contractual restrictions, limiting its use to specified debt service purposes. This deposit has original maturity of up to four months and earn interest at rates ranging from 3.5% to 4.3% per annum.

8. SHARE CAPITAL

As at 31 March 2026, the authorised, issued and fully paid-up share capital comprised ﷲ 67.5 million (31 December 2025: ﷲ 67.5 million) ordinary shares of ﷲ 10 per share (31 December 2025: 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. 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 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. 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.

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8. SHARE CAPITAL (continued)

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 ﷲ 577.9 million. In addition, the Parent Company's Board of Directors recommended to utilize ﷲ 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 2025 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.

On 14 July 2026, subsequent to the period end, shareholders approved a reduction of the Parent Company's share capital through an Extraordinary General Meeting (EGM). The Parent Company acknowledges that, while the EGM approved the capital reduction, the agenda of the EGM and the resolutions approved by shareholders did not expressly include a separate item relating to the continuation of the Parent Company. Accordingly, the Group has disclosed this matter to enable users of these interim condensed consolidated financial statements to understand the circumstances surrounding the capital reduction and the related shareholder resolution. Management believes that the approval of the capital reduction by shareholders demonstrates shareholder support for the actions taken by the Parent Company to address its financial position and that this matter does not affect the amounts recognised or disclosed in these interim condensed consolidated financial statements. The Parent Company is in the process of completing the remaining statutory formalities with the Ministry of Commerce.

9. 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. On 14 July 2026, the Extraordinary General Assembly was held, and utilization of ﷲ 53.4 million from the statutory reserve was approved to cover the remaining balance of accumulated losses as at 30 September 2025. As at the reporting date, the remaining statutory reserve balance of ﷲ 35.7 million are maintained in accordance with the provisions of the Parent Company's Bylaws.

10. LONG-TERM BORROWINGS

	31 March 2026	31 December 2025
	(Unaudited)	(Audited)
Murabaha refinancing facilities	348,315,889	369,841,547
Add: accrued finance costs	6,432,229	3,070,592
Less: unamortized transaction costs	(2,321,757)	(2,627,076)
	<u>352,426,361</u>	<u>370,285,063</u>

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

	31 March 2026	31 December 2025
	(Unaudited)	(Audited)
Long-term borrowings	267,794,286	267,503,663
Current maturity shown under current liabilities	84,632,075	102,781,400
	<u>352,426,361</u>	<u>370,285,063</u>

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10. LONG-TERM BORROWINGS (continued)

Movement in long-term borrowings is as follows:

	31 March 2026	31 December 2025
	(Unaudited)	(Audited)
At 1 January	370,285,063	569,055,165
Add: finance costs for the period/year	4,941,382	33,031,368
Add: amortisation of transaction costs	305,939	1,305,052
Less: repayment of principal during the period/year	(21,526,400)	(9,369,906)
Less: repayment of finance costs	(1,579,623)	(23,973,592)
Less: long-term borrowings transferred to other current liabilities	-	(184,184,490)
Less: finance costs transferred to other current liabilities	-	(15,578,534)
	352,426,361	370,285,063

Details of long-term borrowings is as follows:

	31 March 2026	31 December 2025
	(Unaudited)	(Audited)
Methanol Chemical Company - Murabaha refinancing facility (a)	294,133,060	312,232,880
ACC - Saudi Industrial Development Bank (b)	41,102,493	40,914,000
GCI - Saudi Industrial Development Bank (c)	17,190,808	17,138,183
	352,426,361	370,285,063

a. 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 ﷲ 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. The carrying values of such long-term borrowings are denominated in Saudi Riyal.

The additional Murabaha expansion facility of ﷲ 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.

Further, subsequent to the period end 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 (Note 16).

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10. LONG-TERM BORROWINGS (continued)

b. Addar Chemicals Company - 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 ﷲ 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 prior year, loan balance amounting to ﷲ 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 11 and 13). As at 31 December 2025, the loan agreements contained certain covenants which, among other things, required certain financial ratios to be maintained. The subsidiary was not in compliance with the financial and other covenants and consequently, the entire balance was reclassified to current liabilities.

c. Global Company for Chemical Industries - 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 ﷲ 30.8 million, the loan was secured against the former and certain existing shareholders' personal guarantees. During the prior year, the entire outstanding loan balance relating to SAB, amounting to ﷲ 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 11 and 13).

During the prior year, loan balance of SIDF amounting to ﷲ 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 11 and 13). As at 31 December 2025, the loan agreements contained certain covenants which, among other things, required certain financial ratios to be maintained. The subsidiary was not in compliance with the financial and other covenants and consequently, the entire balance was reclassified to current liabilities.

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

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Within 1 year	87,244,452	128,109,617
between year 1 and year 2	61,442,533	61,442,533
between year 2 and year 3	60,300,387	60,300,387
between year 3 and year 4	64,629,377	64,629,377
Thereafter	129,224,552	129,224,552
	<u>402,841,301</u>	<u>443,706,466</u>

11. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Accrued expenses	125,636,476	105,519,364
Advance from customers	12,174,089	4,943,972
Others *	396,202,563	394,769,500
	<u>534,013,128</u>	<u>505,232,836</u>

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11. ACCRUALS AND OTHER CURRENT LIABILITIES

* Include amounts of ﷻ 341.9 million (2025: ﷻ 336.9 million) recorded in accordance with the requirements of IFRS (also refer to Notes 10(b), 10(c) and 13 (iii)) and ﷻ 50.1 million (2025: ﷻ 50.1 million) payable to a related party (Note 12 (a)).

12. 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").

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

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Sultan Holding	50,088,293	50,088,293

b) Transaction with related parties:

Name of related party	Nature of transactions	Three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited) (Restated)
The company for cooperative insurance – Tawuniya	Life insurance	128,943	138,627
	Medical insurance	4,379,383	4,764,269
	Trade insurance	112,493	37,500
	Marine insurance	150,000	300,695
Hala Supply Chain Services	Storage services	-	198,269
Immensa Industrial Company	3D printing services	-	104,938

c) Restatement of related party disclosure

During the prior period, 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 13 (iii). 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:

	Three-month period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Salaries and other short-term employee benefits	1,336,693	2,330,163
Employee benefit obligations	58,258	38,262
	1,394,951	2,368,425

The Board of Directors' and related committee members' compensation and bonus for the three-month period ended 31 March 2026 amounted to ﷻ 1.3 million (31 March 2025: ﷻ 1.4 million).

13. CONTINGENCIES AND COMMITMENTS

- (i) At 31 March 2026, the Group was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to ﷻ 58.8 million and ﷻ 0.07 million, respectively (2025: ﷻ 62.8 million and ﷻ 0.4 million, respectively).
- (ii) The capital expenditure contracted by the Group but not incurred till 31 March 2026 was approximately ﷻ 68.5 million (2025: ﷻ 11.9 million).
- (iii) Legal cases relating to subsidiaries
 - a. Liability lawsuits filed by the Company against two former Board members
During the prior year, 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 prior 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. Claim filed by former shareholders of GCI – purchase consideration:
During the prior year, on 7 August 2025, the former shareholder of GCI filed a claim against Chemanol before the Commercial Court in Dammam seeking payment of ﷻ 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 ﷻ 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 March 2026, the proceedings remain stayed. The ultimate outcome of this matter, including whether any financial obligation will arise and the amount thereof, remains uncertain.
 - c. Claim filed by former shareholders of ACC – reimbursement of ﷻ 15 million injections:
During the prior year, on 24 September 2025, the former shareholders of ACC filed a claim against Chemanol before the Commercial Court in Dammam seeking reimbursement of ﷻ 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 ﷻ 1,539,342. The Parent 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:
During the prior year, on 6 October 2025, the former shareholders of ACC filed a claim against Chemanol before the Commercial Court in Dammam seeking payment of ﷻ 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 March 2026, 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:
During the prior year, 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 ﷻ 45,105,584 and was subsequently amended to ﷻ 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 ﷻ 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 March 2026, 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.

13. CONTINGENCIES AND COMMITMENTS (continued)

f. Claim filed by former shareholders of GCI – guarantor payments for bank facilities:

Subsequent to the period 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 ﷲ 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 ﷲ 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 Parent 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 prior year, a portion of the subsidiaries' outstanding loan balances amounting to ﷲ 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. The Parent Company, after considering the advice of its external legal counsel, concluded that with respect to legal cases disclosed in Note 13 (iii)(b) to 13 (iii)(e) 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 interim condensed consolidated financial statements and, accordingly, these matters are not expected to have a material impact on the Group's interim condensed consolidated financial position.

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 recognized in the interim condensed consolidated statement of profit or loss represents revenue from internal customers as well as external customers, all revenues are 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.

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14. SEGMENT INFORMATION (continued)

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

	<i>For the three months period ended 31 March 2026 (Unaudited)</i>				
	<i>Methanol Chemicals Company</i>	<i>Addar Chemicals Company</i>	<i>Global Company for Chemical Industries</i>	<i>Mdarat Al Dhara Chemicals Company</i>	<i>Total</i>
Revenue:					
Total segment revenue	113,375,022	4,162,017	7,641,622	-	125,178,661
Inter-segment revenue elimination	(443,368)	-	-	-	(443,368)
Revenue from external customers	112,931,654	4,162,017	7,641,622	-	124,735,293
Loss before finance cost, net, depreciation and amortization, and Zakat	(7,057,672)	(5,323,494)	(2,150,667)	-	(14,531,833)
Finance cost, net	(6,487,105)	(3,121,404)	(559,703)	-	(10,168,212)
Depreciation and amortization	(23,556,510)	-	-	-	(23,556,510)
Loss before zakat	(37,101,287)	(8,444,898)	(2,710,370)	-	(48,256,555)
Zakat	-	-	-	-	-
Segment loss from operation	(37,101,287)	(8,444,898)	(2,710,370)	-	(48,256,555)

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

	<i>As at 31 March 2026 (Unaudited)</i>				
	<i>Methanol Chemicals Company</i>	<i>Addar Chemicals Company</i>	<i>Global Company for Chemical Industries</i>	<i>Mdarat Al Dhara Chemicals Company</i>	<i>Total</i>
Total assets	1,210,699,573	13,218,971	17,654,262	37,670	1,241,610,476
Total liabilities	576,517,273	397,195,694	106,157,798	3,350,547	1,083,221,312

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14. SEGMENT INFORMATION (continued)

<i>For the three months period ended 31 March 2025 (Unaudited) (Restated)</i>					
	<i>Methanol Chemicals Company</i>	<i>Addar Chemicals Company</i>	<i>Global Company for Chemical Industries</i>	<i>Mdarat Al Dhara Chemicals Company</i>	<i>Total</i>
<i>Revenue:</i>					
Total segment revenue	141,856,082	6,830,829	19,168,463	-	167,855,374
Inter-segment revenue elimination	(2,260,601)	-	-	-	(2,260,601)
Revenue from external customers	139,595,481	6,830,829	19,168,463	-	165,594,773
Loss before finance cost, net, depreciation and amortization, and Zakat	(144,315)	(4,398,621)	411,793	(1,313,902)	(5,445,045)
Finance cost, net	(8,026,515)	(3,370,253)	(598,521)	-	(11,995,289)
Depreciation and amortization	(24,357,744)	(3,122,563)	(1,167,008)	-	(28,647,315)
Loss before zakat	(32,528,574)	(9,899,037)	(795,084)	(1,313,902)	(44,536,597)
Zakat	(2,100,000)	-	-	-	(2,100,000)
Segment loss from operation	(34,628,574)	(9,899,037)	(795,084)	(1,313,902)	(46,636,597)

<i>As at 31 December 2025 (Audited)</i>					
	<i>Methanol Chemicals Company</i>	<i>Addar Chemicals Company</i>	<i>Global Company for Chemical Industries</i>	<i>Mdarat Al Dhara Chemicals Company</i>	<i>Total</i>
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

15. 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 March 2026 and 31 December 2025, 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.

16. SUBSEQUENT EVENTS

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

- The Parent Company has obtained approval from CMA to implement a proposed reduction of its share capital to offset accumulated losses. On 14 July 2026, the Extraordinary General Assembly was held, and the transaction of capital reduction was approved by the shareholders (Note 8).
- On 14 July 2026, the Extraordinary General Assembly was held, and utilization of ﷲ 53.4 million from the statutory reserve was approved to cover the remaining balance of accumulated losses (Note 9).
- The Parent 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 Parent Company's projected cash flow profile (Note 10(a)).
- The Parent 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.
- The former shareholders of GCI have filed separate claims against GCI claiming ﷲ 19.6 million plus damages in lieu of amounts paid as guarantors in respect of the Company's bank facilities.

Except for the last development, all other subsequent events are expected to support the Parent Company's liquidity position and enhance financial flexibility going forward.

Further, the Parent 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 10).

In the opinion of management, except for the above, there have been no significant subsequent events since the period ended 31 March 2026 that would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.

17. GEOPOLITICAL DEVELOPMENTS IN THE MIDDLE EAST

Recent geopolitical developments in the Middle East have contributed to regional instability and volatility in the market. Key shipping routes have been affected, leading to supply chain disruptions and increased volatility in prices. In response, the Parent Company has implemented measures to maintain ongoing supplies through alternative export routes.

As of 31 March 2026, the management of the Parent Company concluded that the impact of these events could not be reliably estimated on the Group interim condensed consolidated financial position, results of operations, or cash flows. Management continues to assess these events for any potential material impact on the Group operations and financial performance.

18. RESTATEMENT OF COMPARATIVE AMOUNTS

During 2025, the Group identified certain prior-period errors that have been corrected by restating the affected financial statement line items in accordance with IAS 8, "*Accounting Policies, Changes in Accounting Estimates and Errors*". The nature of the errors and their impact on the comparative information for the three-month period ended 31 March 2025 are set out below.

Restatement 1

During 2024, the Parent Company entered into a marketing and distribution arrangement with a customer for sales in the European market. Sales were initially recognised at provisional prices and subsequently adjusted based on the contractual pricing mechanism. Under the arrangement, the final sales price is determined as the actual sales price to end customers less actual storage and delivery costs and a marketing fee. Management concluded that the difference between the initially recognised provisional sales price and the final price represents consideration payable to a customer associated with revenue recognised and should be recorded on an accrual basis as a reduction of revenue, with a corresponding adjustment to trade receivables. The prior-period comparative information has therefore been restated based on the best available information and management's assessment of the contractual terms.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 MARCH 2026

(All amounts in ﷻ unless otherwise stated)



18. RESTATEMENT OF COMPARATIVE AMOUNTS (continued)

Restatement 2

During 2024, the Parent Company acquired ACC and GCI. The Group identified errors affecting the measurement of the related purchase consideration liabilities, primarily relating to the timing of expected payments, the recognition of interest, and the application of discounting. The Group reassessed the purchase consideration based on those errors and, accordingly, remeasured the related liabilities and finance costs. The comparative amounts have been restated to reflect the Q1 2025 impact.

Restatement 3

During 2025, management reassessed the presentation of cash and cash equivalents relating to balances held in the 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 restated the comparative interim condensed consolidated statement of cash flows to exclude these restricted balances from cash and cash equivalents for cash flow presentation purposes. The balances continue to be presented within cash and cash equivalents in the interim condensed consolidated statement of financial position. The restatement has no impact on total cash balances presented in the statement of financial position, profit or loss, or equity.

Restatement 4

The Group has restated the related party disclosure for the acquisition of ACC and GCI. Refer to Note 12(c) for details of the related party relationship, transactions and comparative disclosure impact.

The following table summarises the impacts on the Group interim condensed consolidated financial statements for the period ended 31 March 2025. Line items that were not affected by the changes have not been included.

Impact on interim condensed consolidated statement of financial position (increase/decrease) as at 31 March 2025	As previously reported	Impact of correction of errors *	Restatement 1	Restatement 2	Balance after adjustments
LIABILITIES					
CURRENT LIABILITIES					
Accruals and other current liabilities	224,150,245	-	2,301,247	1,896,799	228,348,291
EQUITY					
Accumulated losses	(108,284,959)	(6,289,661)	(2,301,247)	(1,896,799)	(118,772,666)

* The impact of the above restatements on the interim condensed consolidated statement of financial position as at 1 January 2025, being the opening balance of the earliest comparative period presented (31 December 2024), is disclosed in the consolidated financial statement of the year ended 31 December 2025, and reconciliation is presented below:

1 January 2025

Accumulated losses at 1 January 2025 (as previously stated)	(67,818,285)
Impact of restatement 1	(4,956,086)
Impact of restatement 2	(3,817,777)
Impact of restatement 5	2,484,202
Accumulated losses at 1 January 2025 (Restated)	(74,107,946)

Restatement 5

During 2025, 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 MARCH 2026

(All amounts in ﷻ unless otherwise stated)



18. RESTATEMENT OF COMPARATIVE AMOUNTS (continued)

Impact on interim condensed consolidated statement of profit or loss (increase/decrease) for the period ended 31 March 2025	As previously reported	Restatement 1	Restatement 2	Balance after adjustments
Revenue	167,896,020	(2,301,247)	-	165,594,773
Finance costs	(10,872,560)	-	(1,896,799)	(12,769,359)
Net impact on loss for the period	(42,438,551)	(2,301,247)	(1,896,799)	(46,636,597)
Attributable to:				
Equity holders of the Parent Company	(40,466,675)	(2,301,247)	(1,896,799)	(44,664,721)
Impact on basic and diluted loss per share attributable to ordinary equity holders of the Parent Company	(0.60)	(0.03)	(0.03)	(0.66)

The correction of errors did not impact the interim condensed consolidated statement of other comprehensive income for the period ended 31 March 2025 or the Group's operating and financing cash flows. Restatement 3 resulted only in a reclassification within the interim condensed consolidated statement of cash flows, affecting investing activities by ﷻ 256,043.

19. 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 three months period ended 31 March 2025 on 16 Safar 1448H (corresponding to 28 July 2026).