



**ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES**  
(A SAUDI JOINT STOCK COMPANY)

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

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

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders  
Advanced Petrochemical Company (A Saudi Joint Stock Company)  
Dammam, Kingdom of Saudi Arabia

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Advanced Petrochemical Company ((A Saudi Joint Stock Company) (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for Opinion

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

#### Key Audit Matters

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

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF ADVANCED PETROCHEMICAL COMPANY  
(CONTINUED)**

**Key Audit Matters (continued)**

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Measurement of the <u>Propane Dehydrogenation (“PDH”) and Two Polypropylene (“PP”) Plants</u></b></p> <p>The PDH and PP plants are carried in the consolidated statement of financial position at ₪ 10.4 billion. These plants are measured at cost less accumulated depreciation.</p> <p>The construction of these plants was completed in July 2025. Capitalization of costs associated with these plants ceased at this date and depreciation commenced.</p> <p>The determination of the date to commence depreciation and the depreciation rates required management to apply the following judgements and make the following significant estimates:</p> <ul style="list-style-type: none"> <li>• The identification of the date at which the plants were ready to be operating in the manner intended by management;</li> <li>• The identification of significant components of the plants which had different useful lives and the determination of their costs; and</li> <li>• The useful lives of the components described in the preceding point.</li> </ul> <p>We identified the measurement of the PDH and PP Plants as a key audit matter due to the following:</p> <ul style="list-style-type: none"> <li>• The quantitative significance of the amounts in the context of the consolidated financial statements;</li> <li>• The level of judgements applied and estimates made by management; and</li> <li>• The level of audit effort required.</li> </ul> <p>Refer to note 3 of the consolidated financial statements for the accounting policy, note 4 for the disclosure of critical accounting estimates and judgements and note 8 for disclosures of other matters related to the plants.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process adopted by management to determine when the plants were ready to be operating in the manner intended by management and the determination of components of the plant and their useful lives, including the key controls in this process.</li> <li>• Assessed the abovementioned controls to determine if they had been appropriately designed implemented.</li> <li>• Assessed the accounting policies adopted by management in this area against the requirements of IFRS Accounting Standards.</li> <li>• Assessed management’s identification of the date that these plants were capable of operating in the manner intended by management by inspecting mechanical completion certificates, commissioning reports, trial run results, performance testing documentation and announcements made by management.</li> <li>• Evaluated management’s identification of significant components and their related costs by obtaining and assessing technical and operational reports from the plant manufacturer.</li> <li>• Assessed the useful lives assigned to each significant component by reviewing internal technical team documentation and benchmarking against the existing plant.</li> <li>• Assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCED PETROCHEMICAL COMPANY  
(CONTINUED)****Other Matter**

The consolidated financial statements of the Group for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on March 5, 2025 (Ramadhan 5,1446H).

**Other Information**

Management is responsible for the other information. The other information comprises information included in the Group's 2025 Board of Directors' report, (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Those charged with governance, are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCED PETROCHEMICAL COMPANY  
(CONTINUED)****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte and Touche & Co.  
Chartered Accountants



Abdul Rahman S. Al-Suwayegh  
Certified Public Accountant  
License No. 461  
6 Ramadan, 1447H  
February 23, 2026



	Note	2025	2024
Sales		3,501,939	2,192,636
Cost of sales	5	(2,831,914)	(1,904,455)
<b>GROSS PROFIT</b>		<b>670,025</b>	<b>288,181</b>
Selling and distribution expenses	6	(54,936)	(31,994)
General and administrative expenses	7	(139,993)	(154,733)
<b>OPERATING PROFIT</b>		<b>475,096</b>	<b>101,454</b>
Finance costs, net		(252,771)	(14,072)
Share in loss of an associate	10	-	(133,394)
Impairment loss on investment in an associate	10	-	(212,083)
Other income, net		14,017	2,633
<b>PROFIT (LOSS) BEFORE ZAKAT AND INCOME TAX</b>		<b>236,342</b>	<b>(255,462)</b>
Zakat and income tax (expense) income			
Zakat	23	(5,475)	(9,423)
Income tax	23	(106)	(87)
Deferred tax	23	1,157	-
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>231,918</b>	<b>(264,972)</b>
Profit (loss) attributable to:			
Owners of the parent company		226,226	(259,180)
Non-controlling interest	31	5,692	(5,792)
		<b>231,918</b>	<b>(264,972)</b>
<b>Earnings (losses) per share attributable to owners of the parent company</b>			
Basic and diluted earnings (losses) per share	25	<b>0.88</b>	<b>(1.00)</b>



KHALIFA A. AL-MULHEM  
Chairman of the Board



MAMDOUH H. AL-AMRI  
President & CEO



ABDULAZIZ S. AL-ARDHI  
Chief Financial Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

(All amounts in Saudi Riyals "ر.س" thousands unless otherwise stated)

	Note	2025	2024
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>231,918</b>	<b>(264,972)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of investment in an associate	10	-	(32,849)
<b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	<b>(32,849)</b>
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Share of other comprehensive income of an associate	10	-	788
Unrealized fair value loss on equity investment at fair value through other comprehensive income	12	(34,993)	(82,644)
Re-measurement of employees' defined benefit liabilities	21	22,848	5,977
<b>Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>		<b>(12,145)</b>	<b>(75,879)</b>
<b>Other comprehensive loss for the year</b>		<b>(12,145)</b>	<b>(108,728)</b>
<b>Total comprehensive income (loss) for the year</b>		<b>219,773</b>	<b>(373,700)</b>
Total comprehensive income (loss) attributable to:			
Owners of the parent company		214,081	(367,908)
Non-controlling interest	31	5,692	(5,792)
		<b>219,773</b>	<b>(373,700)</b>

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Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

(All amounts in Saudi Riyals “ر.س” thousands unless otherwise stated)

	Note	2025	2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	12,154,728	10,756,297
Right-of-use assets	9	163,593	170,906
Investment in an unconsolidated subsidiary	11	376	376
Equity investment at fair value through other comprehensive income	12	343,233	378,226
Other non-current assets	14	142,447	179,568
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,804,377</b>	<b>11,485,373</b>
<b>CURRENT ASSETS</b>			
Inventories	15	320,752	216,089
Trade receivables	16	773,507	481,078
Prepayments and other current assets	17	355,255	236,850
Cash and cash equivalents	18	102,588	140,057
<b>TOTAL CURRENT ASSETS</b>		<b>1,552,102</b>	<b>1,074,074</b>
<b>TOTAL ASSETS</b>		<b>14,356,479</b>	<b>12,559,447</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	19	2,600,000	2,600,000
Treasury shares	1	(79,301)	(79,301)
Other components of equity	13	(166,521)	(135,243)
Retained earnings		736,454	487,380
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>		<b>3,090,632</b>	<b>2,872,836</b>
Non-controlling interest	31	374,704	369,012
<b>TOTAL EQUITY</b>		<b>3,465,336</b>	<b>3,241,848</b>
<b>NON-CURRENT LIABILITIES</b>			
SIDF loan	20	2,764,144	2,819,459
Islamic loan facilities	20	3,450,773	2,684,752
Murabaha loans	20	890,000	-
Non-current portion of lease liabilities	9	157,667	161,810
Retention payable		9,230	-
Employees' defined benefit liabilities and other benefits	21	184,243	215,188
Deferred tax liabilities, net	23	-	1,157
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,456,057</b>	<b>5,882,366</b>
<b>CURRENT LIABILITIES</b>			
Current portion of SIDF loan	20	121,180	-
Current portion of Islamic loan facilities	20	417,644	415,194
Current portion of murabaha loans	20	1,600,000	2,290,000
Lease liabilities	9	11,765	22,584
Trade payables		368,711	169,041
Accruals and other current liabilities	22	669,590	304,287
Retentions payable		224,211	217,163
Zakat and income tax provision	23	17,850	12,829
Dividends payable	28	4,135	4,135
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,435,086</b>	<b>3,435,233</b>
<b>TOTAL LIABILITIES</b>		<b>10,891,143</b>	<b>9,317,599</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,356,479</b>	<b>12,559,447</b>

  
KHALIFA A. AL-MULHEM  
Chairman of the Board

  
MAMDOUH H. AL-AMRI  
President & CEO

  
ABDULAZIZ S. AL-ARDHI  
Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2025

(All amounts in Saudi Riyals “ر.س.” thousands unless otherwise stated)

	Equity attributable to the owners of the parent company									
				Other components of equity						
	Share capital	Treasury shares	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total controlling interest	Non-controlling interest	Total equity
January 1, 2024	2,600,000	(79,301)	481,898	28,933	(67,164)	7,809	257,897	3,230,072	374,804	3,604,876
Loss for the year	-	-	-	-	-	-	(259,180)	(259,180)	(5,792)	(264,972)
Other comprehensive income (loss) for the year	-	-	-	(82,644)	(32,849)	-	6,765	(108,728)	-	(108,728)
Total comprehensive loss for the year	-	-	-	(82,644)	(32,849)	-	(252,415)	(367,908)	(5,792)	(373,700)
Transfer to retained earnings (note 1)	-	-	(481,898)	-	-	-	481,898	-	-	-
Share-based payment reserve (note 13 b)	-	-	-	-	-	10,672	-	10,672	-	10,672
<b>December 31, 2024</b>	<b>2,600,000</b>	<b>(79,301)</b>	<b>-</b>	<b>(53,711)</b>	<b>(100,013)</b>	<b>18,481</b>	<b>487,380</b>	<b>2,872,836</b>	<b>369,012</b>	<b>3,241,848</b>
January 1, 2025	2,600,000	(79,301)	-	(53,711)	(100,013)	18,481	487,380	2,872,836	369,012	3,241,848
Profit for the year	-	-	-	-	-	-	226,226	226,226	5,692	231,918
Other comprehensive income (loss) for the Year	-	-	-	(34,993)	-	-	22,848	(12,145)	-	(12,145)
Total comprehensive income (loss) for the Year	-	-	-	(34,993)	-	-	249,074	214,081	5,692	219,773
Share-based payment reserve (note 13 b)	-	-	-	-	-	3,715	-	3,715	-	3,715
<b>December 31, 2025</b>	<b>2,600,000</b>	<b>(79,301)</b>	<b>-</b>	<b>(88,704)</b>	<b>(100,013)</b>	<b>22,196</b>	<b>736,454</b>	<b>3,090,632</b>	<b>374,704</b>	<b>3,465,336</b>



KHALIFA A. AL-MULHEM  
Chairman of the Board



MAMDOUH H. AL-AMRI  
President & CEO



ABDULAZIZ S. AL-ARDHI  
Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in Saudi Riyals “ر.س.” thousands unless otherwise stated)

	Note	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before zakat and income tax		236,342	(255,462)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	8	341,949	181,103
Depreciation of right-of-use assets	9	7,313	13,303
Finance costs		252,771	14,072
Share in loss of an associate	10	-	133,394
Impairment loss on an investment	10	-	212,083
Impairment losses on financial assets	16	1,000	-
Provision for slow-moving inventories	15	2,295	1,880
Share-based payment expense	13 b	3,715	10,672
Employees’ defined benefits liabilities and other benefits	21	31,219	39,058
		<b>876,604</b>	<b>350,103</b>
<b>Changes in operating assets and liabilities:</b>			
Inventories		(106,958)	(24,609)
Trade receivables		(293,429)	(149,598)
Prepayments and other current assets		(118,405)	(55,981)
Trade payables		199,670	42,362
Accruals and other current liabilities		344,913	42,592
<b>Cash generated from operations</b>		<b>902,395</b>	<b>204,869</b>
Employees’ defined benefits liabilities and other benefits paid	21	(39,316)	(14,034)
Finance costs paid		(280,025)	(150,249)
Zakat and income tax paid	23	(560)	(5,683)
<b>Net cash generated from operating activities</b>		<b>582,494</b>	<b>34,903</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	8	(1,641,741)	(2,232,202)
Proceeds from disposal of property, plant and equipment		-	169
Net movement in other non-current assets		37,121	23,761
Movement in retentions payable		16,278	31,765
<b>Net cash used in investing activities</b>		<b>(1,588,342)</b>	<b>(2,176,507)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from SIDF loan		35,866	-
Proceeds from murabaha loans		300,000	900,000
Repayment of murabaha loans		(100,000)	(1,310,000)
Proceeds from Islamic loan facilities		1,113,403	1,768,714
Repayment of Islamic loans facilities		(358,130)	-
Payment of lease liabilities	9	(22,760)	(693)
Dividends paid	28	-	(24)
<b>Net cash generated from financing activities</b>		<b>968,379</b>	<b>1,357,997</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(37,469)</b>	<b>(783,607)</b>
Cash and cash equivalents at the beginning of the year	18	140,057	923,664
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	18	<b>102,588</b>	<b>140,057</b>

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2025

(All amounts in Saudi Riyals “ر.س.” thousands unless otherwise stated)



	Note	2025	2024
<b>SUPPLEMENTAL INFORMATION FOR NON-CASH TRANSACTIONS:</b>			
Finance costs on murabaha loans charged to capital work-in-progress	8	45,132	144,856
Finance costs on SIDF loan charged to capital work-in-progress	8	29,999	29,768
Financial charges on lease liabilities against right-of-use assets charged to capital work-in-progress	8	3,668	6,888

KHALIFA A. AL-MULHEM  
Chairman of the Board

MAMDOUH H. AL-AMRI  
President & CEO

ABDULAZIZ S. AL-ARDHI  
Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in Saudi Riyals “ﷲ” thousands unless otherwise stated)

**1. CORPORATE INFORMATION**

Advanced Petrochemical Company (the “Company” or the “Parent Company”) is a Saudi joint stock company registered in Dammam city, Kingdom of Saudi Arabia under commercial registration numbered **2050049604** dated 27 Sha’ban, 1426H (corresponding to October 1, 2005) and unified national number is **7001484653**. The paid-up share capital of the Company is **ﷲ 2,600,000,000** divided into **260,000,000** shares of **ﷲ 10** each (2024: **ﷲ 2,600,000,000** divided into 260,000,000 shares of **ﷲ 10** each).

During the Company’s extraordinary General Assembly meeting held on 17 Sha’aban 1443H (corresponding to March 20, 2022), an increase in share capital by 20.11% was approved by the shareholders by way of issuance of one bonus share for every 5 shares held by the existing shareholders. The increase in share capital was funded by way of capitalising retained earnings and statutory reserve amounting to **ﷲ 174.1** million and **ﷲ 261.2** million, respectively, of the Company. The number of shares increased from Two Hundred Sixteen Million Four Hundred Seventy Three Thousand Four Hundred (216,473,400) shares to Two Hundred Sixty Million (260,000,000) shares.

Further during 2022, the shareholders approved the purchase of Company’s own shares, with a maximum of (1,500,000) shares, for the purpose of allocating them to the Company’s employees within the Employees’ Share Incentive Program, provided that the purchase of these shares to be financed through the Company’s own resources. Further, to authorize the Board of Directors (or whomever it delegates) to complete the purchase within (12 months) from the date of the extraordinary general assembly’s approval, and to determine the terms of the program and its implementation, including determination of the allocation for consideration or not, and to be kept no longer than (10) years from the date of approval as a maximum until the shares are allocated to eligible employees. Upon the end of mentioned period, the Company will follow the rules and procedures stipulated in the relevant laws and regulations. During 2023, the Company completed the purchase of 1,500,000 of its own shares amounting to **ﷲ 79.3** million.

During 2024, the Company’s extraordinary General Assembly meeting held on 18 Ramadan 1445H (corresponding to March 28, 2024), the shareholders approved transferring the statutory reserve balance amounting to **ﷲ 482** million to the retained earnings, which was completed and reflected in the consolidated financial statements for the year ended December 31, 2024. The legal formalities have been completed during the year ended December 31, 2024.

The consolidated financial statements as at December 31, 2025 and 2024 include the financial statements of the Company and its following subsidiaries (collectively referred to as the “Group”):

	<b>Effective ownership directly and indirectly 2025</b>	<b>Effective ownership directly and indirectly 2024</b>
Advanced Global Marketing Company (“AGMC”) - note (a)	<b>100%</b>	100%
Advanced Global Investment Company (“AGIC”) - note (b)	<b>100%</b>	100%
Advanced Polyolefins Industry Company (“APOC”) – note (c)	<b>85%</b>	85%
Advanced Global Marketing Company B.V (“AGMC B.V”) - note (d)	<b>100%</b>	-

Notes:

a- Advanced Global Marketing Company (“AGMC”), is a single shareholder Limited Liability Company registered in Jubail, Kingdom of Saudi Arabia under commercial registration No. 2055015327 dated 27 Rabi’l 1433H (corresponding to February 19, 2012) and is 100% owned by the Company.

b- Advanced Global Investment Company (“AGIC”) is a single shareholder Limited Liability Company registered in Jubail, Kingdom of Saudi Arabia under commercial registration No. 2055017024 dated 12 Ramadan 1433H (corresponding to August 1, 2012) and is 100% owned by the Company.

## 1. CORPORATE INFORMATION (CONTINUED)

c-Advanced Polyolefins Industry Company (“APOC”) is a Saudi mixed closed joint stock company incorporated in 2021 and is registered in Jubail, Kingdom of Saudi Arabia under commercial registration No. 20550130313 dated 14 Ramadan 1442H (corresponding to April 26, 2021) and is 85% owned by AGIC (remaining 15% is owned by SK Gas Petrochemical Pte. Ltd., a company organized and existing under the laws of Republic of Singapore).

d- Advanced Global Marketing Company B.V (“AGMC B.V”), is a single shareholder Limited Liability Company registered in Amsterdam, Netherland, under commercial registration No. 868214279 dated 12 Muharram 1447AH (corresponding to July 7, 2025) and is 100% owned by Advanced Global Marketing Company.

During 2014, AGIC made 100% investment in Advanced Global Holding Limited (“AGHL”), a Limited Liability Company incorporated in Luxembourg. AGHL has not been consolidated in these consolidated financial statements due to immaterial financial position.

The Group is licensed to engaged in production and selling Propylene, Polypropylene, Isopropyl Alcohol, Polysilicon and Polysilicon downstream products which includes Photovoltaic cells and Photovoltaic, and establishing, operating and investing in industrial projects including petrochemical, chemical, basic and conversion industries and industries relating to renewable energy both within and outside the Kingdom of Saudi Arabia.

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) ISSUED

### 2.1 New and revised Standards applied with no material impact on the financial statements.

In the current year, the Group has applied the amendments below to IFRS Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) that are effective for an annual period that begins on or after January 1, 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- **Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability**  
An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- *Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments*

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) ISSUED (CONTINUED)

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

The amendments are effective for reporting periods beginning on or after January 1, 2026 with earlier application permitted.

- *IFRS 18, ‘Presentation and Disclosure in Financial Statements’*

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The new standard is effective for reporting periods beginning on or after January 1, 2027 with earlier application permitted.

- Annual Improvements to IFRS Accounting Standards – Volume 11

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows.

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted.

- *IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’*

IFRS 19 permits an eligible subsidiary (defined as a subsidiary that does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Standards) to provide reduced disclosures when applying IFRS Standards in its financial statements.

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) ISSUED (CONTINUED)

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

The new standard is effective for reporting periods beginning on or after January 1, 2027 with earlier application permitted.

- *Amendments to IFRS 9 and IFRS 7—Contracts Referencing Nature-dependent Electricity*

The following requirements of IFRS 9 are affected by the amendments:

- the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument.

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted.

The Directors of the Group do not expect that other than IFRS 18 that the adoption of the above standards will have a material impact on the Group’s financial statements in future periods.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### Basis of preparation

#### Statement of compliance

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

These consolidated financial statements are prepared using historical cost convention except for the items mentioned in the below accounting policies. These consolidated financial statements are presented in Saudi Riyals (“ﷲ”) which is also the functional currency of the Group. All values are rounded to the nearest thousands (ﷲ “000”), except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to December 31 each year. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### **Basis of consolidation (continued)**

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of the control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss on disposal is recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

#### Current vs non-current classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

The principal accounting policies adopted are set out below.

#### Going concern

The directors have at the time of approving the consolidated financial statements a reasonable expectation that the Group have adequate resources to continue its operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries. The Group’s investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group’s share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as ‘Share in results of an associate’ in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

#### Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each balance sheet date.

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

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

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### **Fair value measurement (continued)**

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for valuation of significant assets, if required. The involvement of external valuers is decided by the Group after discussion and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussion with the Group's external valuers, which valuation technique and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value-added tax, in the ordinary course of the Group's activities. The Group recognizes revenue based on a five-step model as set out in IFRS 15.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Revenue recognition (continued)

##### Sale of goods

Revenue is recognized at a point in time upon satisfaction of performance obligations, which occurs when control transfers to the customer, which typically takes place upon delivery or shipment of products depending on the contractually agreed terms.

Sales are made to the marketers of the Group under off take agreements. Upon delivery of products to the Marketers, sales are recorded at provisional selling prices which are later adjusted based upon actual selling prices received by Marketers from third parties (if any), after deducting costs of shipping, distribution and marketing. Any difference between the estimate net price and the final net price is recorded as a change in fair value of the related receivable, as part of revenue, in the consolidated statement of profit or loss.

#### Costs and expenses

Operating costs are recognised on a historical cost basis. Production costs and direct expenses are classified as cost of sales.

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the products. All other expenses other than cost of sales and financial charges are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs. Allocations between general and administrative expenses and production costs, when required, are made on a consistent basis.

#### Zakat and income tax

##### Zakat and income tax

The Group is subject to the Regulations of the General Authority of Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accrual basis. In the financial statements of wholly owned subsidiaries, zakat is provided as an expense and included in the statement of profit or loss and other comprehensive income, while in the financial statements of companies with foreign participation, zakat and income tax are included in the statement of profit or loss and other comprehensive income. Zakat is computed on the zakat base, while income tax is computed on adjusted net income which is not exempt from tax. Any difference in the accrual is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and its subsidiaries. The income tax and zakat charge, assessable on the minority shareholders, is included as part of non-controlling interests.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Zakat and income tax (continued)

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and the laws) that have been enacted or substantively enacted by the end of the reporting period.

##### Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the KSA, including dividend payments to the non-resident shareholders, as required under Saudi Arabian Income Tax Law.

##### Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

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

#### **Foreign currencies**

The Group’s consolidated financial statements are presented in Saudi Riyal “ﷲ”, which is also the Group’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Foreign currencies (continued)

##### *Transactions and balances (continued)*

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or consolidated statement of profit or loss are also recognised in OCI or consolidated statement of profit or loss, respectively).

##### *Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into ﷲ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation of a foreign operation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### **Cash dividend and non-cash distribution to equity holders of the Group**

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

#### **Property, plant and equipment**

Property, plant and equipment and capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Property, plant and equipment (continued)

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. Further, the Group capitalised the spare parts in accordance with Group’s accounting policies and meeting the capitalization criteria; and depreciates them over the plant life.

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

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

	<u>Years</u>
Plant, machinery and equipment	10 – 40
Capital spares	10 - 20
Buildings and leasehold improvements	10 - 33
Furniture, fixtures and office equipment	3 - 8
Catalysts	2 - 8
Laboratory and safety equipment	5
Vehicles and trucks	4 – 10

Capital work-in-progress is stated at cost less impairment losses, if any, and is not depreciated until the asset is brought into commercial operations and available for intended use.

Capital work-in-progress is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year-end.

Planned turnaround costs are deferred and amortised over the period until the date of next planned turnaround. Should unexpected turnaround occur prior to the previously envisaged date of planned turnaround, then the previously unamortised turnaround costs are immediately expensed and the new turnaround costs are deferred and amortised over the period likely to benefit from such costs.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### **Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **Leases**

##### *The Group as lessee*

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Leases (continued)

##### *The Group as lessee (continued)*

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the ‘Property, plant and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other expenses’ in the statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Impairment of non-financial assets

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

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally covering a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognised in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets other than goodwill, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group's estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

#### Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### *Initial recognition and measurement*

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

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets and financial liabilities (continued)

##### Financial assets (continued)

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

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

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

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

##### ***Financial assets at amortised cost (debt instruments)***

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

##### ***Financial assets at fair value through OCI (debt instruments)***

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets and financial liabilities (continued)

##### Financial assets (continued)

##### *Financial assets at fair value through OCI (debt instruments) (continued)*

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

##### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

##### *Derecognition*

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

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets and financial liabilities (continued)

##### Financial assets (continued)

###### *Derecognition (continued)*

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

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

###### *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date refer note 16 and 26.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets and financial liabilities (continued)

#### Financial liabilities

##### *Initial recognition and measurement*

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, dividend payable, loans and borrowings including bank overdrafts and derivative financial instruments.

##### *Subsequent measurement*

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

#### ***Financial liabilities at fair value through profit or loss***

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

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

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

#### ***Loans and borrowings***

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

##### *Derecognition*

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets and financial liabilities (continued)

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

##### Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is principally based on the weighted average principle, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand, short term deposits, demand deposits and highly liquid investments with original maturity of three months or less when purchased which are subject to an insignificant risk of changes in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

##### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Employees' terminal benefits and other benefits

##### *Employees' defined benefit liabilities*

The employees' defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Past service cost is recognised in profit or loss when the plan's amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of employees defined benefit liabilities are recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

Curtailment gains and losses are accounted for as past service costs.

##### *Retirement benefits*

Retirement benefits made to funded defined contribution plans in respect of its Saudi employees, are expensed when incurred.

##### *Employees' saving plan*

The Group maintains an employees' saving plan for its Saudi employees. The contributions from the participants are deposited in separate bank account and liability is established for the Group's contributions. The Group's contribution under the saving plan is charged to the consolidated statement of profit or loss.

##### *Employees' home ownership program*

Unsold housing units constructed for eventual sale to eligible employees are included under land and buildings and are depreciated over 33 years. Upon signing the sale contract with the eligible employees, the relevant housing units are classified under other non-current assets.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Share based payments transactions

##### *Equity-settled transactions*

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. Grant date is the date at which the Group and an employee agree to a share-based payment arrangement, being when the Group and the counterparty have a shared understanding of the terms and conditions of the arrangement. The cost of equity-settled transactions is recognized in employee benefits expenses together with a corresponding increase in equity as a share-based payment reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the consolidated statement of profit or loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

In cases where an award is forfeited (i.e. when the vesting conditions relating to an award are not satisfied), the Group reverses the expense relating to such awards previously recognised in the consolidated statement of profit or loss. Where an equity-settled award is cancelled (other than forfeiture), it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

#### Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Statutory reserve

In accordance with the Company’s bylaw, the Group must set aside 10% of its net income for the year after deducting losses brought forward in each year until it has built up a reserve equal to 30% of the share capital. The Group may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

The New Companies Law entered into effect on January 19, 2023, corresponding to 26 Jumada Al-Alkhirah 1444H which removed the minimum statutory reserve requirement and the Group had an option to create such reserve. Accordingly, the shareholders approved transferring the statutory reserve balance amounting to ﷲ 482 million to the retained earnings during the Company’s extraordinary General Assembly meeting held on 18 Ramadan 1445H (corresponding to March 28, 2024).

#### Contingencies

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

#### Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing net profit or loss attributable to owners of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the net profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Chief Executive Officer who makes decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis and are reported to the Chief Executive Officer, being Chief Operating Decision Maker of the Group.

#### Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Group.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that, period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements in applying accounting policies**

In the process of applying the Group’s accounting policies, which are described in note 3, management has made critical judgements that has the most significant effect on the amounts recognized in the consolidated financial statements.

##### Measurement of the Propane Dehydrogenation (“PDH”) and Two Polypropylene (“PP”) Plants:

The determination of the date to commence depreciation and the depreciation rates required management to apply the following judgements and make the following significant estimates:

- The identification of the date at which the plants were ready to be operating in the manner intended by management;
- The identification of significant components of the plants which had different useful lives and the determination of their costs; and
- The useful lives of the components described in the preceding point.

##### Zakat

Provision for zakat is determined by the Group in accordance with the requirements of the Zakat, Tax and Customs Authority (ZATCA) and is subject to change based on final assessments received from the ZATCA. The Group recognises liabilities for any anticipated zakat based on management's best estimates of whether additional zakat will be due. The final outcome of any additional amount assessed by the ZATCA is dependent on the eventual outcome of the review of Group return. Where the final outcome of review is different from the amounts that were initially recorded, such differences could impact the consolidated statement of profit or loss and other comprehensive income in the period in which such final determination / review is made.

##### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### Long-term assumptions for employees' defined benefit liabilities

Employees' defined benefit liabilities and benefit payments represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rates of salary increase, mortality rates and employment turnover. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

##### Key sources of estimation uncertainty (continued)

###### Allowance for slow moving inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventories to net realizable value, if required, are made at the product level for estimated excess, obsolescence or damages. Factors influencing these adjustments include change in demand, product pricing, physical deterioration and quality issues.

###### Useful lives of property, plant and equipment

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

#### 5. COST OF SALES

	2025	2024
Raw materials, utilities, consumables and change in inventories	2,228,257	1,548,684
Depreciation of property, plant and equipment (note 8)	331,212	174,068
Salaries and related benefits	224,574	145,976
Depreciation on right-of-use assets (note 9)	2,226	857
Short term leases (note 9)	1,526	1,255
Others	44,119	33,615
	<u>2,831,914</u>	<u>1,904,455</u>

#### 6. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly include shipping and handling cost amounted to ﷲ 40 million (2024: ﷲ 19 million).

#### 7. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Salaries and related benefits	85,412	87,752
Depreciation of property, plant and equipment (note 8)	10,737	7,018
Contracted services	7,051	13,621
Legal and professional	6,479	2,989
Depreciation on right-of-use assets (note 9)	5,087	12,446
Directors' remuneration (note 29)	4,841	5,200
Communication	2,429	2,824
Short term leases (note 9)	1,705	3,600
Allowances and board / committee meeting expenses	1,039	1,344
Software licenses and fees	790	580
Advertising and promotions	163	1,321
Others	14,260	16,038
	<u>139,993</u>	<u>154,733</u>

**ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES**

(A SAUDI JOINT STOCK COMPANY)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in Saudi Riyals “ﷲ” thousands unless otherwise stated)

**8. PROPERTY, PLANT AND EQUIPMENT**

	Plant	Capital spares	Buildings and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Catalyst	Laboratory and safety equipment	Vehicles and trucks	Capital work-in- progress	Total
<i>Cost:</i>										
January 1, 2025	3,385,170	207,047	168,346	121,155	13,112	354,478	23,288	8,392	9,488,626	13,769,614
Additions	-	1,186	-	-	-	-	-	-	1,739,194	1,740,380
Transfers	9,135,813	292,512	313,712	4,242	119,419	100,543	8,959	27	(9,975,227)	-
<b>December 31, 2025</b>	<b>12,520,983</b>	<b>500,745</b>	<b>482,058</b>	<b>125,397</b>	<b>132,531</b>	<b>455,021</b>	<b>32,247</b>	<b>8,419</b>	<b>1,252,593</b>	<b>15,509,994</b>
<i>Accumulated depreciation:</i>										
January 1, 2025	2,376,783	104,318	81,241	101,670	11,683	308,742	22,305	6,575	-	3,013,317
Charge for the year	261,432	21,678	12,300	6,953	13,978	23,297	1,742	569	-	341,949
<b>December 31, 2025</b>	<b>2,638,215</b>	<b>125,996</b>	<b>93,541</b>	<b>108,623</b>	<b>25,661</b>	<b>332,039</b>	<b>24,047</b>	<b>7,144</b>	<b>-</b>	<b>3,355,266</b>
<i>Net Book Value:</i>										
<b>December 31, 2025</b>	<b>9,882,768</b>	<b>374,749</b>	<b>388,517</b>	<b>16,774</b>	<b>106,870</b>	<b>122,982</b>	<b>8,200</b>	<b>1,275</b>	<b>1,252,593</b>	<b>12,154,728</b>

Property, plant and equipment includes capital work-in-progress that primarily represents costs incurred for the IPA plant and other ongoing projects. During July 2025, the Group declared completion of construction, and successful commencement of operations of Propane Dehydrogenation (PDH) & Polypropylene plant (PP) Plant. Accordingly, capitalization of costs associated with these plants ceased at this date and depreciation commenced.

The Group has capitalized ﷲ 181.6 million (2024: ﷲ 406.11 million) financial charges on loans related to plants project financing. Buildings and plant facilities of the Group are constructed on land leased at nominal annual rent from the Royal Commission of Jubail and Yanbu for 30 Hijra years ending 1456H.

**ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES**

(A SAUDI JOINT STOCK COMPANY)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in Saudi Riyals “ﷲ” thousands unless otherwise stated)

**8. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Plant	Capital spares	Buildings and leasehold improvements	Machinery and equipment	Furniture, Fixtures and office equipment	Catalyst	Laboratory and safety equipment	Vehicles and trucks	Capital work-in- progress	Total
<i>Cost:</i>										
At January 1, 2024	3,205,872	202,061	168,346	113,159	13,106	293,053	23,707	8,892	7,417,925	11,446,121
Additions	-	4,986	-	1,708	6	-	170	-	2,408,598	2,415,468
Transfers	179,298	-	-	6,473	-	61,425	-	-	(247,196)	
Relating to disposals	-	-	-	(185)	-	-	(589)	(500)	-	(1,274)
Reclassification	-	-	-	-	-	-	-	-	(90,701)	(90,701)
At December 31, 2024	<u>3,385,170</u>	<u>207,047</u>	<u>168,346</u>	<u>121,155</u>	<u>13,112</u>	<u>354,478</u>	<u>23,288</u>	<u>8,392</u>	<u>9,488,626</u>	<u>13,769,614</u>
<i>Accumulated depreciation:</i>										
At January 1, 2024	2,247,749	89,476	73,702	94,112	11,151	287,656	22,085	5,634	-	2,831,565
Charge for the year	129,034	14,842	7,539	7,743	532	21,086	809	1,272	-	182,857
Relating to disposals	-	-	-	(185)	-	-	(589)	(331)	-	(1,105)
At December 31, 2024	<u>2,376,783</u>	<u>104,318</u>	<u>81,241</u>	<u>101,670</u>	<u>11,683</u>	<u>308,742</u>	<u>22,305</u>	<u>6,575</u>	<u>-</u>	<u>3,013,317</u>
<i>Net Book Value:</i>										
At December 31, 2024	<u>1,008,387</u>	<u>102,729</u>	<u>87,105</u>	<u>19,485</u>	<u>1,429</u>	<u>45,736</u>	<u>983</u>	<u>1,817</u>	<u>9,488,626</u>	<u>10,756,297</u>

Allocation of depreciation charge for the year is as follows:

	<u>2025</u>	<u>2024</u>
Cost of sales (note 5)	<b>331,212</b>	174,068
General and administrative expenses (note 7)	<b>10,737</b>	7,018
Selling and distribution expenses	-	17
Cost charged to capital work-in-progress	-	1,754
	<b><u>341,949</u></b>	<b><u>182,857</u></b>

## 9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for plant land, port land, pipeline corridor and the office building. Leases of plant land and port land generally have lease terms between 10 and 30 years, while the office building has a lease term of 5 years. These lease contracts include extension and termination options.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value, the Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

Set out below are the carrying amounts of the Group’s right-of-use assets and lease liabilities along with their movements during the year:

### a) Right-of-use assets

	2025	2024
January 1	170,906	178,210
Depreciation charge for the year	(7,313)	(7,304)
<b>December 31</b>	<b>163,593</b>	<b>170,906</b>

### b) Lease Liabilities

	2025	2024
January 1	184,394	177,726
Accretion of interest	7,798	7,361
Payments	(22,760)	(693)
<b>December 31</b>	<b>169,432</b>	<b>184,394</b>
Current portion of lease liabilities	11,765	22,584
Non-current portion of lease liabilities	157,667	161,810
	<b>169,432</b>	<b>184,394</b>

The maturity analysis of lease liabilities is disclosed in note 26.

The following are the amounts recognised in profit or loss during the period:

	2025	2024
Depreciation expense of right-of-use assets (included in cost of sales) (note 5)	2,226	857
Depreciation expense of right-of-use assets (included in general and administrative expenses) (note 7)	5,087	12,446
Finance cost on lease liabilities	2,738	474
Expense relating to short-term leases (included in cost of sales) (note 5)	1,526	1,255
Expense relating to short-term leases (included in general and administrative expenses) (note 7)	1,705	3,600
<b>Total amount recognised in profit or loss</b>	<b>13,282</b>	<b>18,632</b>

The Group has capitalised interest expense of ﷲ 5.06 million (2024: ﷲ 6.89 million) to capital work in progress related to the plant land lease. The Group had total cash outflows for leases amounted to ﷲ 22.76 million (2024: ﷲ 0.69 million).

## 10. INVESTMENT IN AN ASSOCIATE

The Group has an investment in SK Advanced Co. Limited through its subsidiary AGIC, in which AGIC owns 30% shareholding, and is classified as investment in an associate in these consolidated financial statements. It was incorporated and operating in South Korea in accordance with the Commercial Act of the Republic of Korea. The ownership of the associated Company is divided between AGIC with 30%, SK Gas Co. Limited with 45% and Petrochemical Industries Company K.S.C with 25%. It operates a PDH Plant with nameplate capacity of 600,000 MT per annum. The summarized financial position and operating results of the associate are given below:

	<u>2025</u>	<u>2024</u>
Current assets	<b>781,916</b>	713,396
Non-current assets	<b>1,754,729</b>	1,970,963
Current liabilities	<b>1,820,575</b>	1,249,295
Non-current liabilities	<b>148,365</b>	832,764
Equity	<b>567,705</b>	602,300
The Group’s carrying amount of the investment	<u>-</u>	<u>-</u>

	<u>2025</u>	<u>2024</u>
Sales	<b>1,608,411</b>	1,892,575
Costs of sales	<b>(1,960,174)</b>	(2,188,568)
Selling, general and administrative expenses	<b>(16,852)</b>	(23,434)
Other expenses	<b>(193,576)</b>	(131,246)
<b>Loss before tax</b>	<b>(562,191)</b>	(450,673)
Income tax	<b>1,429</b>	5,689
<b>Loss for the year</b>	<b>(560,762)</b>	(444,984)
<b>Group’s share of loss for the year - unrecorded, see below explanation</b>	<b>(168,229)</b>	(133,393)

	<u>2025</u>	<u>2024</u>
<b>Other comprehensive income</b>	<u>-</u>	<u>2,627</u>
Group’s share of other comprehensive income	<u>-</u>	<u>788</u>

The movement in investment in an associate is as follows:

	<u>2025</u>	<u>2024</u>
January 1	-	377,538
Share in results of loss for the year	-	(133,394)
Share in results of other comprehensive income	-	788
Exchange differences on translation of investment in an associate	-	(32,849)
December 31 – before impairment loss	-	212,083
Less: impairment loss	-	(212,083)
<b>December 31</b>	<u>-</u>	<u>-</u>

## 10. INVESTMENT IN AN ASSOCIATE (continued)

Performance of the investment for past several years has been significantly worse than expected and has eroded the value of the investment substantially. Also, there are indications that economic performance of the associate will be worse in future. Considering the indicators of impairment as suggested by IAS-36, management reassessed the recoverable amount of the investment in associate during 2024. Investment in SKA and SKA’s investment in Ulsan PP were considered as two distinct CGUs. The recoverable amount for each CGU was calculated, combined, and compared to the carrying amount of total investment. Recoverable amount was estimated by using income approach through discounted cash flow method. Cashflow projections were based on recent financial budgets/forecasts as approved by management. During 2024, the Group determined that the recoverable amount of the investment was negative due to the significant decline in the fair value of the investment. Therefore, the entire carrying amount of the investment of ﷲ 212 million was recognized as impairment loss on investment in the consolidated statement of profit or loss.

The discount rates used in the estimation of value in use were i) SKA discount rate @ 11.9% ii) UPP discount rate @ 12.36%. The discount rates are pre-tax measure calculated based on weighted average cost of capital, using capital asset pricing model (“CAPM”) model. CAPM model pricing was adjusted for a risk premium to reflect both the increased risk of investing in equities generally and systematic risk of the specific CGU. Five years of cash flows were included in the discounted cash flow model, and a terminal value growth rate of 1.8% from 2025 was determined by reference to nominal Gross Domestic Product (GDP) of South Korea, i.e. the country where the CGUs operate.

The Group’s share of loss from investment in SK Advanced Co. Limited amounted to ﷲ 168 million. However, in accordance with IAS 28 (investment in Associates and Joint ventures), The Group has not recognized this loss in the consolidated financial statements for the year ended December 31, 2025 due to the following:

- a. The carrying amount of investment in an associate was reduced to zero.
- b. The Group has no legal and constructive obligation to provide further support to the investment as per the agreement.

## 11. INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

	Effective percentage of ownership		2025	2024
	2025	2024		
Advanced Global Holding Limited (“AGHL”)	<b>100%</b>	100%	<b>376</b>	<b>376</b>

In 2014, AGIC made 100% investment in AGHL, a limited liability company incorporated in Luxembourg. The share capital contribution in AGHL was kept in its bank account and there were no other assets or liabilities, including contingent liabilities at the balance sheet date. AGHL does not have any operations for the reported year and as such the financial position and results for the year of subsidiary is immaterial to the consolidated financial statements.

## 12. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
<i>Cost:</i>		
January 1	431,937	431,937
<b>December 31</b>	<b>431,937</b>	431,937
<i>Valuation adjustments:</i>		
January 1	(53,711)	28,933
Loss for the year	(34,993)	(82,644)
<b>December 31</b>	<b>(88,704)</b>	(53,711)
<b>Net carrying value</b>	<b>343,233</b>	378,226

At December 31, 2025 and 2024, equity investment at fair value through other comprehensive income comprise strategic investment in a Saudi listed entity (National Industrialization Company "TASNEE") and has been presented at related fair value. Equity investment at fair value through other comprehensive income has been measured and presented in Saudi Riyals.

## 13. OTHER COMPONENTS OF EQUITY

	2025	2024
Fair value reserve (note 12)	(88,704)	(53,711)
Foreign currency translation reserve (a)	(100,013)	(100,013)
Share-based payment reserve (b)	22,196	18,481
	<b>(166,521)</b>	<b>(135,243)</b>

a) Foreign currency translation reserve relates to the exchange differences arising from translation of foreign operations for SK Advanced Co. Limited (note 10).

### b) Share-based payment reserve

On March 20, 2022, the shareholders in an Extraordinary General Assembly meeting approved and authorized the Board of Directors to finalize the Employee Share Incentive Program (ESIP) for eligible employees; payable after completion of four years service subject to other performance conditions. On March 28, 2022, The Board authorized the Nomination & Remuneration (N&RC) Committee to finalize and approve the ESIP, following which the N&RC approved the same via circulation on April 12, 2022. The plan was granted to eligible employees retroactive from January 1, 2022.

The Group offers Employee Share Incentive Program (ESIP), to certain eligible employees and the purpose of the scheme is to incentivize the employees to achieve the Group's long term goals and to attract and retain top performers. The plan vests over a period of four years performance cycle.

### 13. OTHER COMPONENTS OF EQUITY (CONTINUED)

#### b) Share-based payment reserve (continued)

Under Employee Share Incentive Program, shares of the Group are granted to eligible employees with more than 12 months service which will be equal to the monetary amount of the reward or bonus that has vested over the four years. The exercise price of the share options will equal to the market price of the underlying shares. The share options vest if and when the employees remain employed with the Group for next four years and achieve satisfactory performance in their provision of employment services. The share options granted will not vest if the service and performance conditions are not met. The ESIP scheme is supervised by N&RC after the ESIP scheme has been approved by the Board of Directors.

The total ESIP expense recognised for employees' services received is included in the 'salaries and employee related expenses' with a corresponding increase in the statement of changes in equity, as per the requirements of International Financial Reporting Standard (IFRS) 2 'Share Based Payments'. Accordingly, the Group recognised a share-based payment expense amounting to ﷲ 3.7 million (2024: ﷲ 10.67 million) in the consolidated statement of profit or loss with corresponding increase in the consolidated statement of changes in equity.

### 14. OTHER NON-CURRENT ASSETS

	<u>2025</u>	<u>2024</u>
Employees' home ownership program and employees' loans	<u><b>142,447</b></u>	<u>179,568</u>

It mainly represents balances related to employees' Home Ownership Program (HOP). The Group started building residential houses for its employees in 2013. In May 2016, completed housing units were distributed to direct hire Saudi employees under a long-term repayment agreement in Phase-I. Further, in July 2019, additional completed housing units were distributed in Phase-II. During 2020, remaining completed housing units were also distributed to employees related to Phase-II. The employees pay 17% of their monthly basic salary in addition to their housing allowance which is being applied as loan repayment / installment until the total HOP loan is fully repaid. As at reporting date, ﷲ 142.45 million (2024: ﷲ 179.57 million) represents non-current portion and ﷲ 19.45 million (2024: ﷲ 16.56 million) represents current portion.

### 15. INVENTORIES

	<u>2025</u>	<u>2024</u>
Spare parts	<b>131,044</b>	128,620
Finished goods	<b>56,497</b>	12,558
Catalyst	<b>55,236</b>	43,150
Raw materials and chemicals	<b>44,212</b>	18,657
Semi-finished goods	<b>11,313</b>	20,171
Others	<b>38,287</b>	6,475
	<u><b>336,589</b></u>	<u>229,631</u>
Less: provision for slow-moving inventories	<u><b>(15,837)</b></u>	<u>(13,542)</u>
	<u><b>320,752</b></u>	<u>216,089</u>

## 15. INVENTORIES (CONTINUED)

Movement in the provision for slow-moving inventories is as follows:

	<u>2025</u>	<u>2024</u>
January 1	13,542	11,662
Provision for the year	<u>2,295</u>	<u>1,880</u>
<b>December 31</b>	<b><u>15,837</u></b>	<b><u>13,542</u></b>

The spare parts inventory primarily relates to periodic maintenance of plants and machinery and accordingly, is expected to be utilized over a period exceeding one year.

## 16. TRADE RECEIVABLES

	<u>2025</u>	<u>2024</u>
Trade receivables	774,586	481,157
Less: provision for doubtful debts	<u>(1,079)</u>	<u>(79)</u>
	<b><u>773,507</u></b>	<b><u>481,078</u></b>

Trade receivables are non-interest bearing, secured by standby letters of credit / bank guarantees from financial institutions and/or also credit risk insured. The Group’s credit terms require receivables to be paid within 45 to 90 days of the due date depending on the type of customer, which is in line with industry. At December 31, 2025 and 2024, no write off of trade receivables are recorded.

Movement in the provisions for doubtful debts is as follows:

	<u>2025</u>	<u>2024</u>
January 1	79	79
Provision for the year	<u>1,000</u>	<u>-</u>
<b>December 31</b>	<b><u>1,079</u></b>	<b><u>79</u></b>

The following table provides information about the exposure to credit risk and ECLs for trade receivables from external customers:

	Total	Neither past due nor impaired	Past due but not impaired				
			<i>&lt; 30 days</i>	<i>30 – 60 days</i>	<i>60 – 90 days</i>	<i>90 – 120 days</i>	<i>&gt;120 days</i>
<b>December 31, 2025</b>	<b><u>774,586</u></b>	<b><u>628,634</u></b>	<b><u>61,513</u></b>	<b><u>30,054</u></b>	<b><u>12,085</u></b>	<b><u>10,297</u></b>	<b><u>32,003</u></b>
December 31, 2024	<u>481,157</u>	<u>283,324</u>	<u>18,879</u>	<u>47,280</u>	<u>20,017</u>	<u>43,703</u>	<u>67,954</u>

## 16. TRADE RECEIVABLES (CONTINUED)

See note 26 on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

## 17. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>2025</u>	<u>2024</u>
Net VAT refundable from ZATCA	264,594	157,920
Prepayments	30,434	20,232
Employees’ furniture allowance	20,289	4,096
Current portion of employees’ HOP receivable (note 14)	19,449	16,564
Advances to suppliers	5,131	26,522
Others	15,358	11,516
	<u>355,255</u>	<u>236,850</u>

## 18. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Bank balances and cash in hand	102,588	102,557
Murabaha deposits	-	37,500
	<u>102,588</u>	<u>140,057</u>

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Saudi Arabian Monetary Authority. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment and hence have not recorded any loss allowances on these balances.

## 19. SHARE CAPITAL

	<u>2025</u>	<u>2024</u>
<i>Authorised shares</i>		
Ordinary shares of ﷲ 10 each	<u>2,600,000</u>	<u>2,600,000</u>
<i>Shares issued and fully paid (See note 1)</i>		
Ordinary shares of ﷲ 10 each	<u>2,600,000</u>	<u>2,600,000</u>

## 20. LOANS AND BORROWINGS

### 20.1) SIDF LOAN

During 2022, the Group obtained a term loan facility from Saudi Industrial Development Fund (“SIDF”) with total amount of ﷲ 3 billion to finance the construction of new PDH and PP Project. Up-front and administrative fees are charged by SIDF under the loan agreement, amortized as finance cost using the effective interest rate and presented as unamortized transaction costs deducted from the loan. As at December 31, 2025, full amount of ﷲ 3 billion (2024: ﷲ 3 billion) was withdrawn by the Group from the loan facility. The loan is secured by a mortgage over the property, plant and equipment of APOC (note 1) amounting to ﷲ 10.4 billion (2024: ﷲ 9 billion) and by promissory notes. The loan is payable in 16 un-equal semi-annual instalments, with first instalment payable on 15 Safar 1448H (corresponding to July 29, 2026). The facility agreement with SIDF contains certain covenants, which requires among other things, certain financial ratios to be maintained. At December 31, 2025, the Group was non-compliant with a covenant and obtained waiver letter from the bank before the reporting date.

During the year, SIDF granted term loan facility to the Group amounted to ﷲ 55.9 million. As of December 31, 2025, the facility was partially disbursed with amount is ﷲ 35.8 million after the upfront payment of ﷲ 3.12 million. Purpose of this loan is Energy Efficiency Improvement and investment in software units to collect data related to management, human capital, logistics and production. The loan is secured by a mortgage over the property, plant and equipment of the Group and by promissory notes. The loan is payable in 10 equal semi-annual installments, with first installment payable on Feb 15, 2026.

	<u>2025</u>	<u>2024</u>
Saudi Industrial Development Fund (“SIDF”)	3,038,985	3,000,000
Less: unamortised transaction costs	<u>(153,661)</u>	<u>(180,541)</u>
	<u>2,885,324</u>	<u>2,819,459</u>
	<u>2025</u>	<u>2024</u>
Current portion	121,180	-
Non-current portion	<u>2,764,144</u>	<u>2,819,459</u>
<b>Total</b>	<u>2,885,324</u>	<u>2,819,459</u>

The maturity analysis of SIDF loan is disclosed in note 26.

### 20.2) ISLAMIC LOAN FACILITIES

During 2022, APOC (note 1) signed multiple Islamic loan facilities with a consortium of financial institutions with total amount of ﷲ 6.1 billion to finance the construction of the new PDH, PP and IPA plant. Up-front and administrative fees are charged by lenders under the loan agreement, amortized as finance cost using the effective interest rate and presented as unamortized transaction costs deducted from the loan. These loans are secured by promissory notes and Debt Service Undertaking of USD 250 million from the Parent Company and carry a commission which is commensurate with prevailing commercial rates which are mainly SIBOR based plus agreed margins. These loans are repayable in unequal semi-annual installments and maturities of these facilities are based on their respective repayment schedules spread up to 2035, with two instalments paid during the year. These loan agreements include covenants to maintain certain financial ratios after the commencement of commercial operation. As at December 31, 2025, an amount of ﷲ 1.11 billion was withdrawn from the loan facility while instalments paid ﷲ 358.13 million.

	<u>2025</u>	<u>2024</u>
Islamic loan facilities	3,945,921	3,190,647
Less: unamortised transaction costs (note 33)	<u>(77,504)</u>	<u>(90,701)</u>
	<u>3,868,417</u>	<u>3,099,946</u>

## 20. LOANS AND BORROWINGS (CONTINUED)

### 20.2) ISLAMIC LOAN FACILITIES (CONTINUED)

	2025	2024
Current portion	417,644	415,194
Non current portion	3,450,773	2,684,752
<b>Total</b>	<b>3,868,417</b>	<b>3,099,946</b>

### 20.3) MURABAHA LOANS

#### a) Long term murabaha loans:

During 2023, the Group signed a Murabaha Facilities Agreement for a period of 5 years, with a local commercial bank amounting to ﷲ 2 billion, bearing a commission rate of SIBOR plus specified margin. These facilities are intended to settle outstanding short-term loans, finance equity requirements and capital expenditures for APOC (note 1) and are secured by promissory note. Each Murabaha period for a transaction shall be the same term as the initial Murabaha transaction, up to a maximum of 5 years tenure. As at December 31, 2025, an amount of ﷲ 200 million was withdrawn and the total loan outstanding amount is ﷲ 890 million which will be fully repaid by 28 May 2028. These loan agreements include covenants to maintain certain financial ratios. At December 31, 2025, the Group is in compliance with a covenant prior to the below mentioned loan reclassification. A breach of a loan covenant under the loan agreement does not influence its classification in the financial statements, as it pertains solely to the ongoing maintenance of specific financial ratios.

In 27 September 2023, the Group signed a sharia-compliant Islamic credit facility for an amount of ﷲ 1.6 billion from the Saudi National Bank to finance its general corporate purposes. The tenure of the facility is for a period of 5 years with a commission rate of SIBOR plus specified margin rate. In 2023 and 2024, full amount of the facility of ﷲ 1.6 billion was withdrawn by the Group. As at December 31, 2025, an amount of ﷲ 100 million was withdrawn and an amount of ﷲ 100 million was repaid and the total loan outstanding amount as at December 31, 2025 is ﷲ 1.6 billion. These loan agreements include covenants to maintain certain financial ratios. As at December 31, 2025, the Group is not in compliance with a covenant related to the facility which is an event of default as per the borrowing agreements. Accordingly, the entire outstanding loan balance amounting to ﷲ 1.6 billion has been classified under current liabilities in the consolidated financial statements. Subsequent to the year end, the Group received waiver from the bank with respect to the requirement of a financial ratio.

The maturity analysis of the loans is disclosed in note 26.

#### b) Short term murabaha loans:

In 2023, the Group signed a Murabaha Facility Agreement, with a local commercial bank amounting to ﷲ 200 million, bearing a commission rate of SIBOR plus specified margin. This facility is intended to finance the working capital requirements of the Company and is secured by promissory note. Each Murabaha period for a transaction shall be the same term as the initial Murabaha transaction, up to a maximum of 12 months tenure. As at December 31, 2025, no amount is withdrawn by the Group.

## 21. EMPLOYEES’ DEFINED BENEFIT LIABILITIES AND OTHER BENEFITS

The following table represents the components of employees’ defined benefit liabilities and other benefits:

	<u>2025</u>	<u>2024</u>
Employees’ defined benefit liabilities (a)	<b>165,573</b>	191,568
Other long-term benefits (i.e. employees’ saving plan) (b)	<b>18,670</b>	23,620
	<b><u>184,243</u></b>	<u>215,188</u>

### a) Employees’ defined benefit liabilities

This benefit is based on the Saudi Arabian labor law and the Group’s policies applicable to employees’ accumulated period of service and payable upon termination, resignation or retirement.

The Group’s net obligation in respect of employees’ end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. This amount is then discounted using an appropriate discount rate to determine the present value of the Group’s net obligation.

The Group faces the following risks on account of defined benefit plans:

#### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan’s liabilities.

#### Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities.

#### Longevity risk

The present value of defined benefit plan liabilities is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan’s liabilities.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at December 31, 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Movements in the present value of the defined benefit liabilities in the current year were as follows:

	<u>2025</u>	<u>2024</u>
January 1	<b>191,568</b>	175,237
Current service cost	<b>19,251</b>	24,153
Interest cost	<b>8,905</b>	9,550
Actuarial gains	<b>(22,848 )</b>	(5,977 )
Benefits paid	<b>(31,303 )</b>	(11,395 )
<b>December 31</b>	<b><u>165,573</u></b>	<u>191,568</u>

Significant actuarial assumptions for the determination of the employees’ defined liabilities are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

## 21. EMPLOYEES’ DEFINED BENEFIT LIABILITIES AND OTHER BENEFITS (CONTINUED)

### a) Employees’ defined benefit liabilities (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2025	2024
Discount rate	5.15%	6.10%
Short term salary increase rate	4.00%	6.10%
Long term salary increase rate	5.15%	6.10%
Mortality rate	WHO SA 19	WHO SA 19

Employees’ terminal benefits are determined by actuarial valuations using a method based on projected end-of-career salaries (“The Projected Unit Credit Method”). Appropriate assumptions concerning mortality, employee turnover and interest rates are applied to determine the Group’s projected benefit obligation for long-term employee benefits.

Actuarial gains and losses are recognised immediately through the consolidated statement of other comprehensive income, a component of equity. Past service costs are recognised directly in the consolidated statement of profit or loss in the reporting period as incurred.

A change in the material actuarial assumptions would have the following effects on the defined benefit obligation:

	2025	2024
Discount rate:		
Increase by 0.5% points	(7,862)	(12,440)
Decrease by 0.5% points	8,555	13,795
Long term salary increase rate:		
Increase by 0.5% points	7,148	13,959
Decrease by 0.5% points	(6,653)	(12,699)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in the assumptions would occur in isolation of one another.

The following payments are expected against the defined benefit liability in future years:

	2025	2024
Within the next 12 months (next annual reporting period)	10,397	5,504
Between 2 and 5 years	65,090	50,738
Beyond 5 years up to 10 years	109,099	95,176

## 21. EMPLOYEES' TERMINAL BENEFITS AND OTHER BENEFITS (CONTINUED)

### a) Employees' defined benefit liabilities (continued)

The average duration of the defined benefit plan obligation at December 31, 2025 is **9.89** years (2024: 14.2 years).

### b) Other long-term benefits (i.e., employees' saving plan)

	<u>2025</u>	<u>2024</u>
January 1	23,620	20,904
Provided during the year	3,063	5,355
Payment during the year	<u>(8,013)</u>	<u>(2,639)</u>
<b>December 31</b>	<b><u>18,670</u></b>	<b><u>23,620</u></b>

## 22. ACCRUALS AND OTHER CURRENT LIABILITIES

	<u>2025</u>	<u>2024</u>
Accrued purchases and expenses	584,685	259,454
Others	<u>84,905</u>	<u>44,833</u>
	<b><u>669,590</u></b>	<b><u>304,287</u></b>

The Group's exposure to currency and liquidity risk related to trade payables, accruals and other liabilities is disclosed in note 26.

## 23. ZAKAT AND INCOME TAX

The major components of zakat and income tax expense are:

	<u>2025</u>	<u>2024</u>
<i>Zakat and current income tax:</i>		
Zakat charge	5,475	9,423
Current income tax charge	<u>106</u>	<u>87</u>
	<b><u>5,581</u></b>	<b><u>9,510</u></b>

Movement in the zakat and income tax provision for the year is as follows:

	<u>2025</u>	<u>2024</u>
January 1	12,829	9,002
Charge for the year	5,581	9,510
Payments	<u>(560)</u>	<u>(5,683)</u>
<b>December 31</b>	<b><u>17,850</u></b>	<b><u>12,829</u></b>

### 23. ZAKAT AND INCOME TAX (CONTINUED)

No reconciliation of taxable profit and accounting profit relating to tax provision provided as there are no significant reconciling items that need to be disclosed.

#### Status of assessments

##### **Advanced Petrochemical Company (“APC”)**

The tax/zakat position for the years upto 2022 is finalized with ZATCA. APC has filed tax/zakat declarations with ZATCA for the years 2023 and 2024 and ZATCA’s review is awaited.

##### **Advanced Polyolefins Industry Company (“APOC”)**

APOC has filed its tax/zakat declarations with ZATCA for the year ended December 31, 2024 and ZATCA's review is awaited for 2023 and 2024.

##### **Advanced Global Investment Company (“AGIC”)**

The tax/zakat position for the years upto 2020 is finalized with ZATCA. AGIC has filed tax/zakat declarations with ZATCA for the years 2021 through 2024 and ZATCA’s review is awaited.

##### **Advanced Global Marketing Company (“AGMC”)**

AGMC has filed its tax/zakat declarations with the ZATCA for the years 2013 to 2024. However, there’s no assessment received so far from the ZATCA with respect to those years.

Zakat and income tax base has been computed based on the Group's understanding of the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. The zakat and income tax regulations in Saudi Arabia are subject to different interpretations. The assessments to be raised by ZATCA could be different from the declarations filed by the Group and its subsidiaries.

#### Deferred tax

The deferred tax comprises of timing differences relating to:

	<u>2025</u>	<u>2024</u>
<i>Deferred tax asset</i>		
Provisions allowed on cash basis	-	147
<i>Deferred tax liability</i>		
Accelerated depreciation differential for tax purposes	-	(1,304)
<b>Deferred tax liabilities, net</b>	<u>-</u>	<u>1,157</u>

Reconciliation of deferred tax liabilities, net was as follows:

	<u>2025</u>	<u>2024</u>
January 1	1,157	1,157
Tax expense reversed in profit or loss during the year	<u>(1,157)</u>	-
<b>December 31</b>	<u>-</u>	<u>1,157</u>

## 24. SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's management is of the view that all activities and operations of the Group comprise of a single operating segment for the purpose of decision making with respect to performance appraisal and resources allocation.

Substantial portion of the Group's sales are made to the marketers and Group's operations are related to one operating segment. Accordingly, segmental analysis by geographical and operating segment has not been presented.

Operating assets of the Group are located in the KSA. The sales are geographically distributed between domestic sales in the Kingdom representing **10%** (2024: 15%) of the total sales and overseas sales representing **90%** (2024: 85%) of the total sales.

## 25. EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share amounts are calculated by dividing net profit (loss) for the year attributable to ordinary owners of the Parent Company by the weighted average number of ordinary shares during the year.

The following reflects the profit (loss) and share data used in the basic and diluted earnings per share computations:

	<u>2025</u>	<u>2024</u>
Profit (loss) for the year attributable to owner of the parent Company	<u>226,226</u>	<u>(259,180)</u>
Weighted average number of ordinary shares ('000)	<u>258,500</u>	<u>258,500</u>
Earnings (losses) per share (ﷲ)	<u>0.88</u>	<u>(1.00)</u>

There have been no items of dilution affecting the weighted average number of ordinary shares except for share based payment transaction and the effect for that is negligible.

## 26. RISK MANAGEMENT

### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

## 26. RISK MANAGEMENT (CONTINUED)

### **Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board’s Executive Committee is also responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Financial instruments principally include cash and cash equivalents, trade receivables, equity investment at fair value through other comprehensive income, trade payables, other current liabilities, dividend payable, borrowings, lease liabilities and other non-current liabilities.

### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and equity investment at fair value through other comprehensive income.

### **Trade receivables**

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each marketing agent who act as the exclusive sales agent of the product. The trade receivable from these marketing agents is covered through standby letters of credit issued by credit-worthy financial institutions. At December 31, 2025, the Group had 3 marketing agents that owed ﷲ 419 million (2024: ﷲ 467 million) and accounted for approximately 54 % (2024: 97%) of all receivables as at the reporting date. In addition to standby letters of credit, the credit risk on these receivables is also covered through credit risk insurance.

The Group trades only with recognized credit worthy third parties. It is the Group’s policy that all direct customers who wish to trade on credit terms are subject to credit verification procedures. Credit quality of the customer is assessed based on an extensive credit rating scorecard. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant.

Credit limits are established for all customers using an internal and external rating criterion. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables are regularly monitored.

## 26. RISK MANAGEMENT (CONTINUED)

### Credit risk (continued)

#### *Trade receivables (continued)*

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Executive Committee; these limits are reviewed quarterly. Customers that fail to meet the Group’s benchmark creditworthiness may transact with the Group only on an advance basis or after providing the stand by letter of credits from the financial institutions as security.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables and investments. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and after considering the securities/insurance provided by the customers from credit worthy financial institutions. Balances which are secured with financial institutions are assessed to have low credit risk of default since these financial institutions are highly regulated by the Saudi Arabian Monetary Authority, as a result, the ECL loss allowance and resultant expected credit loss rate is immaterial at the reporting date.

#### *Equity investment at fair value through other comprehensive income*

The Group manages its exposure to credit risk by investing only in liquid securities with approved counterparties and within credit limit assigned to each counterparty by the Investment Committee. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

#### *Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Group’s treasury department in accordance with the Group’s policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group’s Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group’s Investment Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty’s potential failure to make payments.

The Group’s maximum exposure to credit risk for the components of the statement of financial position at December 31, 2025 and 2024 is the carrying amounts as illustrated in note 26 except for financial guarantees.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

## 26. RISK MANAGEMENT (CONTINUED)

### Liquidity risk (continued)

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Additionally, access to sources of funding is available and debt maturing within 12 months can be rolled over with existing lenders, if required.

### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group’s policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

The table below summarizes the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments except for short term Murabaha loans which have options of roll-over:

	Interest rate %	Less than one year ﷲ	1 to 5 years ﷲ	Above 5 years ﷲ	Total ﷲ	Carrying amount ﷲ
<b>December 31, 2025</b>						
SIDF – loan	Refer note 20	121,180	1,876,720	1,058,000	3,055,900	2,885,324
Islamic loan facilities	Refer note 20	430,196	2,183,309	1,731,907	4,345,412	3,868,417
Murabaha loan *	Refer note 20	1,600,000	890,000	-	2,490,000	2,490,000
Trade and other payables	Interest free	368,711	-	-	368,711	368,711
Lease liabilities	4.19% to 5.00%	11,765	57,005	113,218	181,988	169,432
Accrued and other liabilities	Interest free	669,590	-	-	669,590	631,982
		<b>3,201,442</b>	<b>5,007,034</b>	<b>2,903,125</b>	<b>11,111,601</b>	<b>10,413,866</b>

\*After considering the waiver for a loan covenant breach from the bank, management expect that the maturity of the Murahaba loan will fall under 1 to 5 years (note 20.3).

## 26. RISK MANAGEMENT (CONTINUED)

### Excessive risk concentration (continued)

	Interest rate %	Less than one year ﷲ	1 to 5 years ﷲ	Above 5 years ﷲ	Total ﷲ	Carrying amount ﷲ
December 31, 2024						
SIDF – loan	Refer note 20	-	1,522,000	1,478,000	3,000,000	2,819,459
Islamic loan facilities	Refer note 20	362,697	2,299,201	2,046,211	4,708,109	3,099,946
Murabaha loan	Refer note 20	2,290,000	-	-	2,290,000	2,290,000
Trade and other payables	Interest free	169,041	-	-	169,041	169,041
Lease liabilities	4.19% to 5.00%	11,765	57,526	104,346	173,637	184,394
Accrued and other liabilities	Interest free	304,287	-	-	304,287	304,287
		3,137,790	3,878,727	3,628,557	10,645,074	8,867,127

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity risk and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases, borrowings and investment that are denominated in a currency other than the respective functional currencies of Group entities, primarily US Dollars and South Korean Won. The Group is not significantly subject to fluctuations in foreign exchange rates in the normal course of its business as the Saudi riyals is pegged against US Dollars and the Group monitors the fluctuations in currency exchange rate of South Korean Won and manages its effect on consolidated financial statements.

### Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group’s financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group’s interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates on regular basis. There are no interest-bearing financial assets at the end of reporting period.

The interest rate profile of the Group’s interest-bearing financial instruments as reported to the management of the Group is as follows:

	2025	2024
Financial liabilities, principally borrowings	9,243,741	8,209,405

## 26. RISK MANAGEMENT (CONTINUED)

### *Interest rate risk (continued)*

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rate on the Group’s profit before zakat, through the impact of floating rate borrowings:

	2025	2024
Interest rate - increases by 50 basis points	(12,639)	(704)
Interest rate - decreases by 50 basis points	12,639	704

Interest charge for the prior year was capitalized.

### *Commodity risk*

The Group is exposed to the impact of market fluctuations of the price of various inputs to production including propane, propylene, natural gas and electricity. From time to time, the Group manages some elements of commodity price risk through the use of fixed price contracts.

### *Equity price risk*

The Group’s listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group has one strategic investment (note 13). The Group’s Board of Directors reviews and approves all equity related decisions.

At the reporting date, the exposure to equity securities at fair value listed on the Saudi Stock Exchange was ﷲ 343 million (2024: ﷲ 460 million). Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the Saudi Stock Exchange market index, the Group has determined that a decrease of 20% on the Saudi Stock Exchange market index could have an impact of approximately ﷲ 76 million (2024: ﷲ 92 million) on the other comprehensive income or equity attributable to the Group. An increase of 20% in the value of the listed securities would only impact equity but would not have an effect on the consolidated statement of profit or loss.

	<i>Change in equity price</i>	<i>Effect on equity/other comprehensive income</i>	
	%	2025	2024
Equity investment at fair value through other comprehensive income	+/- 20	68,647	75,645

### *Capital management*

The Group’s objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## 26. RISK MANAGEMENT (continued)

### Capital management (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

The gearing ratios as at the end of year were as follows:

	2025	2024
Total debt	9,243,741	8,209,405
Total equity	3,465,336	3,241,848
Total equity and total debt	12,709,077	11,451,253
<b>Debt to equity ratio</b>	<b>266.75%</b>	253.23%

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

### Reconciliation of liabilities arising from financing activities

#### (a) Net debt

	2025	2024
Cash and cash equivalents	102,588	140,057
Borrowings	(9,243,741 )	(8,209,405 )
Lease liabilities	(169,432 )	(184,394 )
Net debt	(9,310,585 )	(8,253,742 )

Borrowings of the Group carry variable interest rates (refer note 20).

#### (b) Net debt reconciliation

	Cash and cash equivalents ﷲ	Borrowings ﷲ	Lease liabilities ﷲ	Total ﷲ
January 1, 2024	923,664	(6,911,625)	(177,726)	(6,165,687)
Interest on lease liabilities	-	-	(7,361)	(7,361)
Finance costs	-	(89,315)	-	(89,315)
Finance costs paid (presented as operating cash flows)	-	150,249	693	150,942
Cash flows	(783,607)	(1,358,714)	-	(2,142,321)
December 31, 2024	140,057	(8,209,405)	(184,394)	(8,253,742)
Interest on lease liabilities	-	-	(7,798)	(7,798)
Finance costs	-	(323,222)	-	(323,222)
Finance costs paid (presented as operating cash flows)	-	280,025	22,760	302,785
Cash flows	(37,469)	(991,139)	-	(1,028,608)
<b>December 31, 2025</b>	<b>102,588</b>	<b>(9,243,741)</b>	<b>(169,432)</b>	<b>(9,310,585)</b>

## 26. RISK MANAGEMENT (continued)

### Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in transaction. As the consolidated financial statements are prepared under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the financial assets and liabilities are not materially different from their carrying values.

The Group has categorized its financial assets and liabilities into a three-level fair value hierarchy, based on the nature of the inputs used in determining fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Following is a description of each category in the fair value hierarchy and the financial assets and liabilities of the Group that are included in each category at December 31, 2025.

- Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.
- Level 2: Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

	<u>ﷲ “000”</u>	<u>Level 1 ﷲ “000”</u>	<u>Level 2 ﷲ “000”</u>	<u>Level 3 ﷲ “000”</u>
<b>Year ended December 31, 2025</b>				
<i>Assets measured at fair value</i>				
Equity investment at fair value through other comprehensive income	<b>343,233</b>	<b>343,233</b>	-	-
<b>Year ended December 31, 2024</b>				
<i>Assets measured at fair value</i>				
Equity investment at fair value through other comprehensive income	<b>378,226</b>	<b>378,226</b>	-	-

## 26. RISK MANAGEMENT (continued)

### *Fair Value (continued)*

The Group has not disclosed the fair value of financial instruments such as cash and cash equivalents, trade receivables, trade payables, accruals, other current liabilities, SIDF loan, Murabaha loans, Islamic loan facilities and lease liabilities, because their carrying amounts are a reasonable approximation of fair value.

The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Floating-rate borrowings approximate their carrying amounts largely due to the fact that the floating rate approximates the market interest rate.
- The fair value of loans from banks and other financial indebtedness as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.

## 27. COMMITMENTS AND CONTINGENCIES

### Commitments

At December 31, 2025, Capital commitments contracted but not yet incurred amounted to ﷲ 475 million (2024: ﷲ 814 million) in respect of the new IPA plant.

The Group has signed a five-year agreement for the purchase of 80,000 MT per annum of propylene (an intermediate product) which has been used in the production of polypropylene since 1 October 2014. In 2017, this agreement was extended upto 31 July 2023 with an increase in the quantity to 100,000 MT per annum. In January 4 2022, this agreement was extended upto December 31, 2025 with an increase in quantity to 120,000 MT. Subsequent to year end, this agreement has been extended upto December 31, 2026 with the same quantity.

### Contingencies

The Group’s banker has given payment guarantees on behalf of the Group in favor of Jubail Commercial Port for land lease amounting to ﷲ 1.31 million (2024: ﷲ 1.31 million).

The Group’s banker has given payment guarantees on behalf of the Group in favor of Royal Commission for beach camp amounting to ﷲ 50,000 (2024: ﷲ 50,000).

The Group’s banker has given payment guarantees on behalf of the Group in favor of Saudi Aramco, for securing propane and gas supply amounting to USD 191.7 million (2024: USD 37.18 million).

## 28. DIVIDENDS

On February 20, 2023, the Board of Directors resolved to distribute interim cash dividend for the fourth quarter of 2022 of ﷲ 0.55 per share (totaling ﷲ 142.5 million). The distribution date was May 28, 2023.

	<u>2025</u>	<u>2024</u>
January 1	<b>4,135</b>	4,159
Payments	-	(24)
<b>December 31</b>	<b><u>4,135</u></b>	<b><u>4,135</u></b>

## 29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Group’s major shareholders, associated companies and their shareholders, key management personnel, Directors, and entities controlled, jointly controlled or significantly influenced by such parties.

During the year, there were no significant transactions with the related parties resulting in balances or transactions as all of these are eliminated at the Group level.

### Compensation of key management personnel:

The compensation of directors and other members of key management personnel for the year was as follows:

	<u>2025</u>	<u>2024</u>
Salaries and allowances	<b>18,817</b>	14,402
Other long term benefits	<b>4,389</b>	2,888
	<b><u>23,206</u></b>	<b><u>17,290</u></b>

The non-executive directors do not receive pension entitlements from the Group. The Group has paid ﷲ 4.8 million (2024: ﷲ 5.2 million) as directors’ remuneration during the year.

## 30. EMPLOYEES’ DEFINED CONTRIBUTION PLAN

The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan was ﷲ 14.33 million (2024: ﷲ 14.48 million).

### 31. NON-CONTROLLING INTEREST

This represents 15% of the ownership in Advanced Polyolefins Industry Company owned by SK Gas Petrochemical Pte. Ltd., a company organized and existing under the laws of Republic of Singapore. Below is the movement during the year:

	2025	2024
January 1	369,012	374,804
Share in results during the year	5,692	(5,792)
<b>December 31</b>	<b>374,704</b>	<b>369,012</b>

#### Summarised statement of financial position

Set out below is summarised financial information for Advanced Polyolefins Industry Company that has a non-controlling interest. The amounts disclosed are before inter-company eliminations.

	2025	2024
Current assets	404,608	165,543
Non-current assets	10,501,137	9,119,112
Current liabilities	1,529,737	757,065
Non-current liabilities	6,880,225	6,069,751
Equity	2,495,783	2,457,839

#### Summarised statement of comprehensive income

	2025	2024
Sales Revenue	1,209,039	-
Cost of Sales	(912,634)	-
<b>Gross Profit</b>	<b>296,405</b>	<b>-</b>
General and administrative expenses	(68,353)	(38,625)
<b>Operating profit (loss)</b>	<b>228,052</b>	<b>(38,625)</b>
Finance cost	(190,482)	-
Other income	375	12
<b>Profit (loss) before zakat</b>	<b>37,945</b>	<b>(38,613)</b>
Zakat	-	1,248
<b>Profit (loss) for the year</b>	<b>37,945</b>	<b>(37,365)</b>
<b>Company's share of profit for the year</b>	<b>32,253</b>	<b>(31,573)</b>

### 32. AUDITOR'S REMUNERATION

	2025	2024
Audit fees including audit of consolidated financial statements	333	355

### 33. COMPARATIVE FIGURES

In the current year, the Group management noted the following reclassification as required by IAS 1 Presentation of financials statements”. The correction of the below resulted in a retrospective reclassification of the comparative amounts as of December 31, 2024.

The Group management has reclassified loan transaction costs amounted to SAR 90.7 million from Property, Plant and Equipment to Islamic loan facilities to ensure compliance with the requirements of the International Financial Reporting Standards (“IFRS”).

#### Statement of financial position as at December 31, 2024:

	As previously reported ﷲ "000"	Reclassification ﷲ "000"	As reclassified ﷲ "000"
<b>ASSETS *</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,846,998	(90,701)	10,756,297
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>10,846,998</b>	<b>(90,701)</b>	<b>10,756,297</b>
<b>LIABILITIES *</b>			
Islamic loan facilities	2,762,256	(77,504)	2,684,752
<b>Non - current Islamic loan facilities</b>	<b>2,762,256</b>	<b>(77,504)</b>	<b>2,684,752</b>
Islamic loan facilities	428,391	(13,197)	415,194
<b>Current liabilities Islamic loan facilities</b>	<b>428,391</b>	<b>(13,197)</b>	<b>415,194</b>
<b>TOTAL LIABILITIES ISLAMIC LOAN FACILITIES</b>	<b>3,190,647</b>	<b>(90,701)</b>	<b>3,099,946</b>

\*As at December 31, 2024, total assets and total liabilities were decreased by above mentioned reclassification of ﷲ 90.7 million.

However, there was no impact on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2024 and 2023, as a result of the reclassification above.

### 34. EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to December 31, 2025, and occurring before the date of the approval of the consolidated financial statements that are expected to have a significant impact on these financial statements.

### 35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements of the year ended December 31, 2025 were approved for issuance by the Board of Directors of the Group as of February 23, 2026.