



Notice to the Shareholders of Industries Qatar Q.P.S.C.

Notice to the Shareholders of Industries Qatar Q.P.S.C.

We are pleased to invite you to attend the Company's Ordinary General Assembly Meeting to be held on Tuesday, 10th March 2026 at 8:30 p.m. Doha Time, in Al-Mukhtasar Ballroom, Ritz Carlton Hotel, Doha. In case a quorum is not met, a second meeting will be held on Monday, 16th March 2026 at the same venue and time.

Agenda of the Ordinary General Assembly Meeting

1. Listen to the H.E. Chairman's message for the financial year ended 31 December 2025.
2. Approve the Board of Directors' report on IQ's operations and financial performance for the financial year ended 31 December 2025.
3. Listen and approve the External Auditor's Report on IQ's consolidated financial statements for the financial year ended 31 December 2025.
4. Discuss and approve IQ's consolidated financial statements for the financial year ended 31 December 2025.
5. Present and approve 2025 Corporate Governance Report.
6. Approve the Board's recommendation for a dividend payment of QR 0.71 per share for 2025, representing 71% of the nominal share value.
7. Absolve the Board of Directors from liability for the year ended 31 December 2025 and fix their remuneration.
8. Appoint the external auditor for the financial year ending 31 December 2026 and approve their fees.

H.E. Mr. Saad Sherida Al-Kaabi
Chairman and Managing Director
Industries Qatar

Notes

1. Each shareholder shall have the right to attend the meeting of the General Assembly and shall have a number of votes that equals the number of shares owned thereby. Resolutions shall be passed by an absolute majority of shares duly represented therein, without prejudice to the provisions of the Company's Articles of Association.
2. Minors and the interdicted persons shall be represented by their legal guardians.
3. Any shareholder that is a company may authorize any one person to act as its representative at any meeting of the General Assembly.
4. Attendance by proxy at the General Assembly meeting is permitted, provided that the proxy is a shareholder and that the proxy is specific and in writing. A shareholder may not appoint a Board Director to act as his proxy at the meeting of the General Assembly. Proxy form can be downloaded from the Company's website: www.iq.com.qa.
5. A shareholder may act as proxy for one or more shareholders of the Company as contemplated under the Company's Articles of Association. In all cases, the number of shares held by the proxy in this capacity shall not exceed (5%) of the Company's share capital.
6. Instruments appointing authorized persons and proxies must be provided to the Company no less than forty-eight (48) hours prior to the commencement of the General Assembly.

Board of Directors' Report

Introduction

Financial year 2025 remained challenging, shaped by volatility, structural transformation, rapid technological advancements, and geopolitical uncertainties. Businesses faced multiple economic headwinds, including shifting trade policies, regional conflicts, tariff disruptions, and supply chain interruptions, while also benefiting from innovation, automation, and the integration of artificial intelligence. Despite these complexities, our resilient business model—anchored in operational excellence, safety culture, robust governance, cost optimization, and financial discipline—enabled us to deliver strong operational and financial performance.

Against this challenging and uncertain backdrop, the Group delivered solid operational and financial performance, achieving production of 18.1 million MTs, highest since group's inception in 2003 with facility reliability of 98% and availability of 86% both improved over the last year. Net profit for the period reached QR 4.3 billion, translating to an EPS of QR 0.71.

Macroeconomic Review

The global economy rebounded in 2024 after enduring the lingering effects of macroeconomic stress during 2022 and 2023. In 2025, the global macroeconomic environment showed modest improvement over 2024 but remained below long-term growth trends. Inflation continued to decline, with major central banks adjusting policy rates to align with disinflationary trends. However, policy uncertainty, trade disruptions, and geopolitical tensions persisted as key risks, particularly for operators in emerging and developing markets. Compared to 2024, 2025 was marked by greater divergence in growth and risk profiles. Global economic conditions shifted after a period of strong growth, with momentum easing due to higher borrowing costs and softer demand in some advanced markets. Meanwhile, other economies saw a rebound supported by improved household income and favorable interest rate environment. China's economy experienced a slight slowdown amid deeper property sector and local government challenges. In response, the Chinese government introduced targeted measures, including lending rate cuts and infrastructure-focused financial instruments. Overall, 2025 was characterized by slightly slower global growth, continued disinflation, and cautious monetary easing, coupled with heightened geopolitical and trade-related uncertainty compared to the previous year.

In 2025, the petrochemical industry faced significant challenges, including overcapacity, sluggish demand recovery, sustainability pressures, and geopolitical uncertainties. The sector entered a cyclical downturn as new production facilities—particularly ethylene crackers and polymer plants—came online during a period of weak global demand, resulting in depressed operating rates and compressed margins. European producers were disproportionately impacted by elevated energy costs and stringent regulatory requirements, prompting some to consider asset closures or relocation. Industry dynamics continued to be heavily influenced by feedstock prices and margins, with both naphtha and natural gas feedstocks—closely tied to energy markets—remaining balanced to bearish throughout the year.

Despite these headwinds, demand for petrochemical products remained resilient, supported by lower inflation, favorable interest rates, and strong consumer affordability. Key sectors such as packaging and some other sectors remained in robust demand. At the same time, innovation and sustainability initiatives are reshaping the industry landscape. Strategic investments in circular economic practices and advanced digital technologies are enabling petrochemical companies to enhance efficiency and maintain competitiveness in an increasingly volatile global market.

In 2025, the nitrogen fertilizer industry experienced a mix of stabilization and renewed volatility compared to 2024. After trending downward through 2023 and early 2024 following the sharp peaks of 2022, prices began fluctuating again in 2025, driven by seasonal planting cycles, strong demand, geopolitical tensions, trade restrictions, and input cost variability. Prices surged in the second half of the year, supported by improved farmer affordability, rising food demand, expansion of arable land, adoption of advanced agricultural technologies, and seasonal demand from major markets such as India and Brazil.

On the supply side, China maintained its restrictive export policies, frequent delays in major Indian tenders persisted, and imposed tariffs on some exports further constrained availability and disrupted supply chains. While natural gas prices—a key input—declined across most producing economies, helping moderate production costs, other raw material costs increased, adding pressure. The industry also witnessed growing investment in low-carbon ammonia and sustainable practices, although financing delays slowed progress.

Overall, 2025 brought cautious optimism to the nitrogen fertilizer sector, with improved supply dynamics but continued

risks stemming from trade policies, tariffs, geopolitical tensions, and input cost volatility.

In 2025, the steel industry faced a mixed macroeconomic environment compared to 2024, shaped by regional disparities, shifting trade policies, and evolving demand patterns.

In 2024, steel producers encountered significant headwinds, including global overcapacity, weak demand in major markets, and volatile pricing, which led to reduced mill utilization and declining margins. Benchmark long steel prices fell significantly during the year, reflecting oversupply and subdued construction activities. Several large steel-consuming markets experienced consecutive declines in steel consumption, driven by high energy costs, geopolitical tensions, and weak manufacturing performance.

In 2025, the global steel industry showed signs of cautious recovery following a challenging 2024. Demand rebounded in some regions, driven by infrastructure spending, non-residential construction, and a recovering housing market. Legislative support and monetary policy adjustments encouraged investment in large-scale infrastructure projects, boosting long steel consumption. Benchmark prices began to rise again, supported by tighter import controls, and improving demand. However, global production forecasts were revised downward, and persistent overcapacity continued to weigh on profitability. Environmental regulations and decarbonization pressures also influence investment decisions, prompting firms to cautiously expand capacity while exploring low-carbon technologies.

Within the Gulf Cooperation Council (GCC), the long steel industry demonstrated moderate recovery and strategic repositioning compared to 2024, fueled by mega-projects, urbanization, and infrastructure spending. Like global peers, GCC producers faced headwinds in 2024 from overcapacity, weaker demand, and volatile input costs. Although global price pressures and trade distortions impacted the region, domestic demand remained relatively resilient due to ongoing construction and industrial diversification initiatives.

By 2025, macroeconomic conditions improved marginally, and the GCC long steel market benefited from stronger regional demand, with large-scale infrastructure and housing projects accelerating. While global crude steel production forecasts were revised downward due to trade tensions and weak demand elsewhere, the MENA region—including the GCC—emerged as one of the few areas showing growth trends. Nevertheless, challenges persisted, including competition from subsidized Chinese exports, rising energy costs, and increasing pressure to decarbonize steel production, which squeezed margins and influenced investment decisions. In response, GCC producers began exploring green steel technologies and localizing supply chains to reduce exposure to global volatility.

Overall, 2025 marked a transition from oversupply and stagnation toward selective recovery and strategic realignment in the long steel sector.

Strategic Business Review

Our sustained operational and financial success reflects the strength of our long-term, low-cost operating model, built on integrated business synergies, economies of scale and scope, and continuous operational optimization. This model has enabled us to navigate another year of volatility with resilience. Despite macroeconomic uncertainty and geopolitical instability, we maintained stable operations across all facilities at near-full capacity, delivering strong operating and financial results. These achievements were driven by asset reliability, operational excellence, and embedding flexibility and resilience into our processes. We continue to invest prudently in production and operating systems to enhance efficiency, optimize costs, and uphold the highest standards of Health, Safety, and Environment (HSE).

We have established a robust global supply chain framework designed to deliver value to both customers and shareholders. This supply chain has proven critical during periods of uncertainty marked by regional conflicts and regulatory restrictions, amongst other challenges. Our marketing partner for petrochemicals and fertilizers, QatarEnergy Marketing, ensured business continuity by securing optimal networks through strategic arbitrage opportunities across multiple geographies and leveraging economies of scale to minimize costs. Together with other logistics partners, QatarEnergy Marketing facilitated the efficient and timely distribution of all sellable products to target customers and markets without delays. Our unwavering commitment to maintaining a competitive cost structure has reinforced operational stability and played a key role in achieving strong operating and financial results.

Capital Expenditure (CAPEX) and Business Development

During the financial year 2025, the Group invested QR 2.2 billion in capital expenditures, primarily directed toward turnaround activities, reliability enhancements, health,

safety, and environmental (HSE) projects, as well as ongoing investments in the new blue ammonia train (QAFCO-7) and the PVC project. Capital expenditure for QAFCO-7 during the year amounted to QR 0.9 billion, while an additional QR 128 million was allocated to the PVC project. To date, cumulative spending on QAFCO-7 stands at QR 3.7 billion, and QR 0.4 billion on the PVC project.

For the next five years (2026-2030), the Group's planned capital expenditure will be QR 10.5 billion. This includes the remaining portion related to the new ammonia train (QAFCO-7), amounting to QR 0.7 billion, and IQ's share of CAPEX in the new PVC project, amounting to ~QR 50 million.

The QAFCO-7 project has reached its final phase of construction and is nearing completion. The project is expected to be commercially launched in 1H-2026. The available sellable volumes from QAFCO-7 (capacity of 1.2 million tons per annum) will be sold as low-carbon ammonia in the commercial market in collaboration with QatarEnergy Renewable Solution (QERS) once the carbon capture and storage (CCS) is completed. Conventional grey ammonia will be sold until the construction of the CCS is completed.

The Group's indirect joint venture, QVC's new PVC project, has now been completed with investment costs just exceeding USD 300 million at the project level, including owner's cost, to produce 350,000 MTs of PVC products. The project is expected to be operational during 2026. This investment underscores the Group's commitment to diversify its downstream operations and reducing import dependency on PVC in the State of Qatar.

In addition to the above, the Group will continue to invest on its core recurring CAPEX programs, which are critically important for improving asset integrity, operational efficiency, reliability, cost optimization, capacity de-bottlenecking, HSE enhancement, environmental sustainability, and regulatory compliance.

On the strategy and business development front, we continued to prioritize selective investments and strategic restructuring. Our acquisition of a domestic steel mill in 2023, aimed at consolidating domestic market share, has proven highly successful and delivered significant synergies. In addition, our steel subsidiary restarted several previously mothballed facilities in late 2024 and early 2025. These restarts have expanded the segment's market presence and strengthened operational integration with subsidiaries and associates. By ensuring uninterrupted supply of raw materials at competitive prices, the restart has enhanced supply chain reliability and enabled the segment to capture economies of scale, resulting in reduced unit costs and improved overall efficiency.

Cost and Operational Optimization

The Group operates in highly unpredictable and competitive macroeconomic and market environments, exposing consolidated financial performance and cash flow generation to fluctuations in commodity prices and other economic variables. In this context, maintaining cost discipline and operational efficiency remains critical to sustaining profitability.

To address these challenges, the Group and its operating entities continued to implement comprehensive cost and operational optimization strategies, which are reviewed regularly for effectiveness. Multi-disciplinary, cross-functional teams are deployed across the value chain to assess short, medium, and long-term asset strategies and recommend measures to enhance financial and operational performance. These initiatives include rationalizing OPEX and CAPEX programs, adjusting production capacities to maximize raw material yields, and optimize resource utilization.

Such measures have strengthened the Group's cost structure, both variable and fixed over time, resulting in improved profitability margins and robust cash flow generation in the short and long term.

Financial Performance

Given the challenging macroeconomic conditions characterized by uncertain demand and excess global capacity, the Group's financial performance for the year can be considered highly commendable. Despite softening demand and abundant supply, our low-cost and flexible operating model enabled production and sales at near full capacity, optimizing asset utilization. This ability to perform in a volatile environment underscores the Group's resilience and adaptability, which are deeply embedded in our operational and financial strategies.

Revenue: Total proportionate revenue for the year ended 31 December 2025 amounted to QR 18.6 billion, an increase of 11% over last year. Reported revenue for the year amounted to QR 16.0 billion, showing an increase of 26% versus last year.

This increase in Group revenue (based on non-IFRS proportionate consolidation) during the current year was mainly attributed to a combined effect of increase in blended average selling price and sales volumes. Blended average

selling prices increased by ~4% compared to last year, translating to an increase of ~QR 0.5 billion to Group's net earnings. Improvement in the fertilizer prices remained a key contributor to the increase in the average blended product prices during the year.

In line with the improved production and amid tightened market conditions, Group's sales volumes increased by 6% versus last year and is the highest since group's inception, primarily driven by higher volumes sold in the steel segment.

Profits & Margins: Net profit for the year amounted to QR 4.3 billion, marginally down on last year's restated net profit by 8%, while Group's EBITDA reached QR 6.4 billion, which remained relatively unchanged compared to last year. While improved operating profit boosted EBITDA for the year, the reduction in other non-operating income almost offset the improved operating income resulting in flat EBITDA versus previous year. EBITDA margin declined due to increased operating costs and lower non-operating income.

Financial Position and Cash Flows

In a year marked by uncertainty and challenges, the Group maintained a robust financial position while sustaining strong cash flow generation to fund operations and strategic investments.

The year began with a proportionate cash and bank balance of QR 11.4 billion. During the year, the Group generated operating cash flows of QR 4.9 billion and invested QR 2.2 billion in capital expenditures, resulting in free cash flow to the firm of ~QR 2.6 billion. Dividend distributions included a final payout for 2024 of ~QR 2.6 billion and an interim dividend for the current year of ~QR 1.6 billion. The Group also recorded investment returns of ~QR0.5bil for the year. Consequently, the Group recorded a net cash outflow of ~QR 1.1 billion and closed the year with a proportionate cash and bank balance of ~QR 10.3 billion.

Group's reported total assets and total equity reached QR 43.1 billion and QR 37.9 billion, respectively, as of 31 December 2025. Currently, the Group has neither short-term nor long-term financial debt obligations.

Group's continued strong and resilient financial and liquidity position, together with its robust cashflow generation, is a testament to its prudent and consistent asset and financial management policies, conservative capital structure, competitive cost positioning, and efficient operating asset base. These prudent financial and operating policies have led to adequate and robust cash flow generation capabilities, supported by a strong and reliable operating asset base.

A strong financial and liquidity position is critical for the Board to safeguard against instability and market volatilities, while providing support to ensure a balance in maintaining and maximizing shareholder value. It also allows further flexibility to consider CAPEX projects and acquisitions on an opportunistic basis to create long-term shareholder value as and when presented.

Proposed Dividend Distribution

A total dividend of more than QR 78.8 billion has been distributed to shareholders since the Group's incorporation in 2003, with an average payout ratio of ~70%. This is clear evidence of the Board's continuous commitment to consistently maximize shareholder value and achieve robust yields while maintaining appropriate liquidity to cater for current and future capital projects as well as any unexpected macroeconomic and market adversities.

With these considerations in place, coupled with a macroeconomic forecast linked to business outlook, future growth strategies, and capital expenditure commitments based on our business plans, the Board of Directors proposes a 2H-2025 dividend distribution of QR 2.7 billion (equating to QR 0.45 per share), bringing the total annual dividend distribution for the year ended 31 December 2025 of QR 4.3 billion, equivalent to a payout of QR 0.71 per share for the full year, subject to necessary approval in the Annual General Assembly Meeting.

Conclusion

The Board of Directors extends its heartfelt gratitude and utmost appreciation to His Highness the Amir Sheikh Tamim bin Hamad Al Thani for his wise leadership and unwavering support and guidance to Qatar's energy sector.

The Board of Directors also expresses its profound gratitude to H.E. Mr. Saad Sherida Al-Kaabi, Minister of State for Energy Affairs, Chairman of the Board of Directors and Managing Director, for his vision and outstanding leadership. Additionally, we extend our thanks to the senior management of the Group companies for their hard work, commitment, and dedication. We are also thankful to our loyal shareholders for their ongoing support and trust.

1. Proportionate figures are presented on a non-IFRS basis and comprise fully owned subsidiaries, the Group's share of not fully owned subsidiaries, and the Group's share of directly and indirectly held joint ventures
2. Reported revenue refers to the revenue reported in the consolidated financial statements in line with the requirements of IFRS, representing revenue from subsidiaries only, i.e., QAFCO, QAFAC and Qatar Steel, without including share of revenue from directly and indirectly held joint ventures.

FOR MORE INFORMATION ABOUT THE MEETING AGENDA MATERIALS, PLEASE VISIT WWW.IQ.COM.QA OR EMAIL US AT: IQ@QATARENERGY.QA OR CALL US AT: +974 4013 2080

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Industries Qatar Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Industries Qatar Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

1. Recognition of revenue See Note 9 and 24 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group recognised revenue of QR 15,978 million during the year.</p> <p>As disclosed in Note 9, the Group's share of profits from its joint venture amounting to QR 675 million represents 16% of the Group's profit for the year while the total revenue for the year generated by the joint venture amounted to QR 3,420 million.</p> <p>Revenue being a key economic indicator of the Group is significant to the consolidated financial statements and considering significant time and resources required to audit the revenue accounts and inherent risk of material misstatement, we considered this as a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 15, our understanding of the business and related industry practice; assessing the design, implementation and operating effectiveness of the relevant internal controls over revenue recognition; inspecting the agreements with customers, on sample basis, to evaluate that revenue is recognised in accordance with the terms of the agreement and the requirements of IFRS 15; performing test of details on a sample of revenue transactions by inspecting respective invoices, delivery statements and customers' acknowledgements and other corroborating evidence; comparing on a sample basis, the revenue transactions recorded before and after the reporting period with underlying supporting documents to assess if related revenue is recorded in the correct accounting period; and evaluating the adequacy of the financial statement disclosures, including disclosure of key assumptions and judgements.

2. Measurement of provision for decommissioning and site restoration obligation ("DSRO")
See Note 31 to the consolidated financial statements.

<p>During the year, the Group recorded a provision for DSRO which amounts to QR 1,136 million as of 31 December 2025 representing 25% of the Group's total liabilities.</p> <p>DSRO provision is recorded at the present value of estimated costs of decommissioning and restoration activities. The measurement of DSRO provision is inherently judgemental and requires the Group's management and their experts to make significant judgements and estimates about timing of the decommissioning activity, the Group's expected approach to DSRO activities, price levels, inflation & discount rates, technology and regulations.</p> <p>The above factors increase the degree of complexity in estimating the DSRO provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>Therefore, this area was considered to be a key audit matter given its magnitude and its inherent subjectivity in estimating future costs and their timing.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> assessing the design and implementation of the relevant internal controls over the DSRO estimation process; evaluating the appropriateness of: <ul style="list-style-type: none"> the timing of recognition of the DSRO provision in line with relevant underlying supporting documents; and the expected timing of the decommissioning activities based on relevant communications and agreements with the lessor. evaluating: <ul style="list-style-type: none"> the competence, capabilities and objectivity of management's expert; the appropriateness of the methods and assumptions applied by management's expert; and the relevance and reliability of data used by management's expert in estimating the provision. involving our own valuation specialists to assist in evaluating the appropriateness of the discount rates and inflation rates used by the Group, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Group and the industry; re-performing the calculation of the DSRO provision to assess accuracy; and evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.
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Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed assurance engagements on the internal controls over financial reporting, the Company's compliance with the provisions of the Qatar Financial Markets Authority's Governance Code for Listed Companies that forms part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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 on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International

Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the Company's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 judgment, 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 a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

– Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the 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 the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit;
- The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith;
- We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company.
- Furthermore, the physical count of the Group's inventories in Qatar was carried out in accordance with established principles; and
- We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2025.

11 February 2026

Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
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Auditors' License No. 120153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025 (QR '000)

	Notes	2025	2024 Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	7	17,306,006	15,756,977
Capital project advances	7A	35,935	104,671
Investment in associates	8	2,139,237	2,081,580
Investment in joint venture	9	5,282,924	5,846,070
Advances	10	443,556	315,544
Rights-of-use assets	11	291,110	336,951
Other non-current assets		169,247	178,109
Deferred tax asset	23	38,039	17,264
Total non-current assets		25,706,054	24,637,166
Current assets			
Inventories	13	3,299,155	3,364,009
Trade and other receivables	14	3,799,655	3,401,395
Equity securities at FVTPL	12	405,973	401,389
Fixed deposits and other bank balances	6	6,195,979	7,371,600
Cash and cash equivalents	5	3,731,259	3,433,990
Total current assets		17,432,021	17,972,383
Total assets		43,138,075	42,609,549
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	6,050,000	6,050,000
Legal reserve	16	360,114	327,059
Other reserves	16	(78,383)	(65,105)
Retained earnings		31,598,909	31,608,979
Equity attributable to owners of the Company		37,930,640	37,920,933
Non-controlling interests	35	723,225	895,235
Total equity		38,653,865	38,816,168
LIABILITIES			
Non-current liabilities			
Lease liabilities	11	334,043	390,797
Long-term provisions	19	1,694,382	511,842
Deferred tax liability	23	59,170	66,176
Total non-current liabilities		2,087,595	968,815
Current liabilities			
Trade and other payables	20	2,276,711	2,623,178
Lease liabilities	11	70,696	64,331
Income tax payable	23	49,208	137,057
Total current liabilities		2,396,615	2,824,566
Total liabilities		4,484,210	3,793,381
Total equity and liabilities		43,138,075	42,609,549

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 31.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 11 February 2026 and signed on its behalf by:

Saad Sherida Al-Kaabi
Chairman and Managing Director

Abdulaziz Mohammed Al Mannai
Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025 (QR '000)

Notes	2025	2024 Restated*
Revenues	15,977,995	12,652,136
Cost of sales	(12,177,476)	(9,874,270)
Gross profit	3,800,519	2,777,866
General and administrative expenses	(855,623)	(761,081)
Selling and distribution expenses	(83,590)	(89,646)
Share of net results of investment in joint ventures	674,891	1,259,966
Share of net results of investment in associates	139,838	345,509
Income from other investments	432,254	708,639
Finance cost	(60,822)	(29,857)
Other income – net	302,726	554,509
Profit before tax	4,350,193	4,765,905
Income tax expense	(26,702)	(37,960)
Profit for the year	4,323,491	4,727,945
Profit attributable to:		
Owners of the Company	4,300,053	4,665,879
Non-controlling interests	23,438	62,066
	4,323,491	4,727,945
Earnings per share		
Basic and diluted earnings per share (QR per share)	0.71	0.77

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 31.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025 (QR '000)

Notes	2025	2024 Restated*
Profit for the year	4,323,491	4,727,945
Other comprehensive (loss) / income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation in subsidiaries	(1,933)	(5,749)
Remeasurement of defined benefit obligation in a joint venture	(7,333)	(6,575)
Items that are or may be reclassified subsequently to profit or loss:		
Share of other comprehensive (loss) / income of associates	(4,012)	9,484
Other comprehensive loss for the year	(13,278)	(2,840)
Total comprehensive income for the year	4,310,213	4,725,105
Total comprehensive income attributable to:		
Owners of the Company	4,286,775	4,663,039
Non-controlling interests	23,438	62,066
	4,310,213	4,725,105

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 31.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025 (QR '000)

Notes	2025	2024 Restated*
Cash flows from operating activities		
Profit for the year	4,323,491	4,727,945
Adjustments for:		
Depreciation of property, plant and equipment	1,688,543	1,534,568
Reversal of impairment loss on property, plant and equipment	(222,000)	-
Amortization of other non-current assets	37,845	26,960
Depreciation of right-of-use assets	61,986	52,397
Gain on lease modifications	(163)	-
Reversal of loss allowance on trade and other receivables	(3)	-
Provision for employees' end of service benefits	105,987	71,885
Share of net results of investment in joint ventures	(674,891)	(1,259,966)
Share of net results of investment in associates	(139,838)	(345,509)
Loss on disposal of property, plant and equipment	504	15,843
Dividend income from financial assets at FVTPL	(18,660)	(22,017)
Bargain purchase gain	-	(225,762)
Gain on remeasurement of previously held equity interest	-	(146,476)
Unrealised (gain) / loss from financial assets at FVTPL	(4,584)	19,690
Finance cost	60,822	29,857
Reversal of provision on financial guarantee	-	(142,659)
Provision for obsolete and slow-moving inventories	13	30,089
Income tax expense	26,702	37,960
Interest income	(413,594)	(686,622)
Operating cash flows before changes in working capital	4,862,236	3,716,881
Changes in working capital		
Inventories	34,765	(308,372)
Trade and other receivables	(509,133)	358,210
Trade and other payables	(529,588)	210,806
Cash generated from operations	3,858,280	3,977,525
Payments of end of service benefits	(67,057)	(59,417)
Payments of income tax	(142,332)	(3,746)
Social and sports contribution fund paid	(102,146)	(108,836)
Net cash generated from operating activities	3,546,745	3,805,526
Cash flows from investing activities		
Proceeds from disposals of property, plant and equipment	448	595
Additions to property, plant and equipment	(1,841,765)	(2,752,022)
Movement in other non-current assets	(28,983)	(2,817)
Dividends and tax benefit payments received from associates	139,056	275,612
Net cash inflow on acquisition of a subsidiary	-	478,288
Advances to a related party	(128,012)	(177,747)
Dividends received from financial assets at FVTPL	18,660	22,017
Dividends and tax benefits from joint ventures	1,230,704	916,490
Additional investment in an associate	(48,686)	-
Movement in fixed deposits and other bank balances	1,175,621	3,582,585
Interest received	512,269	515,187
Net cash from investing activities	1,029,312	2,858,388
Cash flows from financing activities		
Interest paid related to lease liability	(24,004)	(23,716)
Repayment of principal related to lease liability	(66,371)	(54,160)
Finance costs paid	(1,164)	(507)
Movement in unclaimed dividends payable	(10,259)	(15,095)
Dividends paid to equity owners of the Company	(4,174,500)	(6,594,500)
Dividend paid to non-controlling interests	(2,490)	(1,950)
Cash used in financing activities	(4,278,788)	(6,689,928)
Net increase / (decrease) in cash and cash equivalents	297,269	(26,014)
Cash and cash equivalents at 1 January	3,433,990	3,460,004
Cash and cash equivalents at 31 December	3,731,259	3,433,990

Non-cash transactions:

The following non-cash activities are entered into by the Group and are not reflected in the consolidated statement of cash flows:

- The Group recognized additional right of use assets and lease liabilities amounting to QR 20.4 million (2024: QR 127.5 million). Refer to Note 11.
- During the year 2024, the Group transferred QR 191.5 million from advances to investments in associates. Refer to Note 8.
- During the year, in connection with the subscription to a rights issue of shares by SOLB, the Group transferred QR 12.2 million (2024: Nil) from "Due from related parties" under trade and other receivables to investment in associates. Refer to Note 8.
- During the year, the Group recognised a provision for site restoration obligations amounting to QR 1,106 million (2024: Nil). Accordingly, additions to property, plant and equipment include non-cash capitalisation of the related decommissioning asset. Refer to Note 7 and Note 19.2.

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 31.

* The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025 (QR '000)

Note	Share capital	Legal reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
At 1 January 2024	6,050,000	271,942	(62,265)	33,699,253	39,958,930	17,411	39,976,341
Profit for the year (Restated*)	-	-	-	4,665,879	4,665,879	62,066	4,727,945
Other comprehensive loss for the year	-	-	(2,840)	(2,840)	(2,840)	-	(2,840)
Total comprehensive income / (loss) for the year (Restated*)	-	-	(2,840)	4,665,879	4,663,039	62,066	4,725,105
Acquisition of a subsidiary with NCI (Restated*)	31	-	-	-	-	817,708	817,708
Social and sports contribution fund provision (Restated*)	17	-	-	(106,536)	(106,536)	-	(106,536)
Transfer to legal reserve	16	55,117	-	(55,117)	-	-	-
Transaction with owners of the Company:							
Dividends	-	-	-	(6,594,500)	(6,594,500)	(1,950)	(6,596,450)
At 31 December 2024 (Restated*)	6,050,000	327,059	(65,105)	31,608,979	37,920,933	895,235	38,816,168
At 1 January 2025	6,050,000	327,059	(65,105)	31,608,979	37,920,933	895,235	38,816,168
Profit for the year	-	-	-	4,300,053	4,300,053	23,438	4,323,491
Other comprehensive loss for the year	-	-	(13,278)	-	(13,278)	-	(13,278)
Total comprehensive income / (loss) for the year	-	-	(13,278)	4,300,053	4,286,775	23,438	4,310,213
Social and sports contribution fund provision (Restated*)	17	-	-	(102,568)	(102,568)	-	(102,568)
Transfer to legal reserve	16	33,055	-	(33,055)	-	-	-
Transaction with owners of the Company:							
Dividends	-	-	-	(4,174,500)	(4,174,500)	(195,448)	(4,369,948)
At 31 December 2025	6,050,000	360,114	(78,383)	31,598,909	37,930,640	723,225	38,653,865

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 31.

* The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025
(All amounts are in QR '000, unless otherwise specified)

1. Legal status and principal activities

Industries Qatar P.S.C. (the "Company" or "IQ") is a Qatari Public Shareholding Company, incorporated in the State of Qatar on 19 April 2003, in accordance with Qatar Commercial Companies' Law No. 5 of 2002, as replaced by Qatar Commercial Companies' Law number 11 of 2015, for a 50-year term by resolution No. 33 of 2003 from the Ministry of Commerce and Industry of the State of Qatar. The Company's shares are listed on the Qatar Stock Exchange. The Company's registered office is situated in Doha, State of Qatar. QatarEnergy is the controlling shareholder of the Company and QatarEnergy is owned by Supreme Council for Economic Affairs and Investment of the Government of State of Qatar, which is the ultimate controlling party.

IQ, its subsidiaries, associates and joint ventures (together the "Group") operate in three main distinct segments: petrochemicals, fertilisers and steel. More information about the Group's activities is given in Note 32. The structure of the Group, included in these consolidated financial statements is as follows:

Relationship	Country of incorporation	Percentage of holding	
		2025	2024
Qatar Steel Company (Qatar Private Shareholding Company) ("Qatar Steel")	Qatar	100%	100%
Qatar Steel Company FZE (Dubai)	UAE	100%	100%
AI Qataria for Production and Reinforcing Steel W.L.L. ("AI Qataria")	Qatar	100%	100%
Qatar Fertiliser Company (Qatar Private Shareholding Company) ("QAFCO")	Qatar	100%	100%
Gulf Formaldehyde Company (Qatar Private Shareholding Company) ("GFC")	Qatar	70%	70%
Qatar Melamine Company (Qatar Private Shareholding Company) ("QMC")	Qatar	100%	100%
Qatar Fuel Additives Company Limited (Qatar Private Shareholding Company) ("QAFAC")	Qatar	50%	50%
Qatar Petrochemical Company Q.P.J.S.C. ("QAPCO")	Qatar	80%	80%
Qatar Metals Coating Company W.L.L. ("Q-COAT")	Qatar	50%	50%
SOLB Steel Company ("SOLB")	Kingdom of Saudi Arabia	40.44%	40.38%
Fouath Holding B.S.C.	Bahrain	25%	25%

Qatar Steel Company ("Qatar Steel"), a Qatari Private Shareholding Company incorporated in the State of Qatar, and wholly owned by IQ. Qatar Steel is engaged in manufacturing of steel billets and reinforcing bars for sale in the domestic and export markets.

Qatar Steel Company FZE (Dubai), a wholly owned through Qatar Steel with limited liability incorporated in Dubai on 22 July 2003 pursuant to Dubai Law No. 9 of 1992 and implementing the regulations of the Jebel Ali Free Zone Authority. The principal activities of Qatar Steel FZE (UAE) are manufacturing and selling of steel products.

AI Qataria for Production of Reinforcing Steel W.L.L. ("AI Qataria"), a company with limited liability incorporated in the State of Qatar, and wholly owned through Qatar Steel. AI Qataria is engaged in the production of reinforcing steel. The principal activities of AI Qataria include the production of billets, rebars, and trading of iron.

Qatar Fertiliser Company ("QAFCO"), a Qatari Private Shareholding Company incorporated in the State of Qatar, and wholly owned by IQ. QAFCO is engaged in the production and sale of Urea and Ammonia.

Qatar Melamine Company ("QMC"), a Qatari Private Shareholding Company incorporated in the State of Qatar, and wholly owned through QAFCO, is engaged in the production and sale of Melamine. The Group has resolved to transfer QMC's assets to QAFCO through a merger process. As at 31 December 2025, the merger is in process and is subject to further approvals and the fulfilment of legal and regulatory requirements.

Gulf Formaldehyde Company ("GFC"), a Qatari Private Shareholding Company incorporated in the State of Qatar, is 70% owned through QAFCO and 30% owned by Qatar Industrial Manufacturing Company (Q.P.S.C.). GFC is engaged in the production and sale of Urea Formaldehyde Concrete.

Qatar Fuel Additives Company Limited ("QAFAC"), a Qatari Private Shareholding Company incorporated in the State of Qatar, whose 50% of the shares are owned by IQ and 50% shares are held by a related party. The principal activities of QAFAC are to construct, own, operate and maintain facilities for the production, marketing and export of methyl-tertiary-butyl-ether (MTBE) and methanol.

Qatar Petrochemical Company Q.P.J.S.C. ("QAPCO"), a Qatari Private Joint Shareholding Company incorporated in the State of Qatar, is a joint venture between IQ (80%) and Total Energies Petrochemicals France S.A. (20%). QAPCO is engaged in the production and sale of ethylene, polyethylene, hexane and other petrochemical products.

Fouath Holding B.S.C., is a Bahraini Closed Joint Stock Company owned through Qatar Steel and incorporated on 26 June 2008 in the Kingdom of Bahrain. Fouath Holding B.S.C. is a holding company for a group of commercial/industrial companies that are engaged in the manufacture and sale of various steel products.

SOLB Steel Company ("SOLB") is a company owned through Qatar Steel incorporated in the Kingdom of Saudi Arabia and is engaged in the manufacture and sale of steel products.

Qatar Metals Coating Company W.L.L. ("Q-COAT") is a limited liability owned through Qatar Steel incorporated in Qatar involved in the production of epoxy resin coated bars. Q-COAT is managed by the Group in accordance with a management service agreement.

The consolidated financial statements of the Group for the year ended 31 December 2025 were approved and authorised for issue by the Board of Directors on 11 February 2026.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards).

2.2 Basis of measurement

These consolidated financial statements are prepared using the historical cost basis except for certain assets acquired in a business combination and financial assets at fair value through profit or loss, which are measured at fair value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals (QR), which is the Company's functional currency. All the financial information presented in these consolidated financial statements has been rounded off to nearest thousands (QR '000) except where otherwise indicated.

2.4 New currently effective accounting standards or amendments requirements

The accounting policies adopted by the Group in the preparation of the consolidated financial statements are consistent with those of the previous financial year except for the changes required as per the adoption of the new standards, amendments and interpretations.

New currently effective requirements

The table below lists the recent changes to the Accounting Standards that are required to be applied by the Group with an annual reporting period beginning on 1 January 2025:

Effective from 1 January 2025	Impact
• Lack of Exchangeability – Amendments to IAS 21	-

The application of these amendments had no material impact on the Group's consolidated financial statements.

Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2025 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

A. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

B. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements:

Effective for the year beginning 1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
• Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	-
• Annual Improvements to IFRS Accounting Standards – Volume 11	-
• IFRS 19 Subsidiaries without Public Accountability: Disclosures	-
Available for optional adoption if effective date determined indefinitely	• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

Management anticipates that these new accounting standards and amendments to accounting standards will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these amendments is not expected to have a material impact on the consolidated financial statements of the Group in the period of initial application.

3. Material accounting policies

3.1 Basis of consolidation and business combination

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Group:

- has the 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.
- 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 control listed above.

When the Company 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 Company considers all relevant facts and circumstances in assessing whether or not the Company'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.

Subsidiaries are fully consolidated from the date on which Company obtains control and continued to be consolidated until the date when such control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.6 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

3.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost is the initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, initial estimate of the present value of decommissioning obligations and directly attributable borrowing costs. These costs are capitalized and depreciated over the useful life of the related assets. Adjustments arising from changes in the provision are added to or deducted from the carrying amount of the asset and depreciated prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is recognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

Depreciation is calculated to allocate the cost of assets over their estimated useful lives on a straight-line basis commencing when the assets become ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The Group's estimated useful lives on each asset classification are as follows:

Buildings	13 - 35 years
Plant machinery and equipment	3 - 35 years
Furniture and other equipment	3 - 10 years
Decommissioning assets	9 - 12 years

Items in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such items are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as the expense is incurred.

An item of property, plant and equipment 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 and other comprehensive income in the year the asset is derecognised.

Capital work-in-progress (including capital advance) is initially recognised at cost, which includes cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Following the initial recognition, capital work-in-progress is carried at cost less impairment losses – if any. Capital work-in-progress is not depreciated or amortized.

Capital work-in-progress will be transferred to respective classes of property, plant and equipment when the asset is ready for use as intended by the management

3.8 Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.9 Inventories

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

- Warehouse inventory - purchase cost after deducting rebates and discounts, on a moving weighted average basis.
- Work-in-progress and finished product inventories - production costs on a moving weighted average basis. The production costs include the cost of direct materials, direct labour and an appropriate allocation of overheads allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and that to be incurred to make the sale.

3.10 Catalysts

Catalysts are classified as other non-current assets and initially recorded at cost. Subsequently, they are measured at cost less accumulated amortisation and any impairment in value. Catalysts are amortised over the estimated useful lives of 1 to 12 years. Catalysts not in use at the plant are kept under inventories and stated at the lower of cost and net realisable value.

3.11 Fair value measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the basis as explained above, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IFRS 16 for current year and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 date.

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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 FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL, upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these, adjusted assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (i) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset are transferred or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.13 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual and sick leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in trade and other payables.

Post-employment benefits

The Group operates defined contribution and defined benefit retirement plans.

a) Defined contribution pension plan

Group has a defined contribution plan for the Qatar (who joined Group on or after 6 March 2003) and other GCC national employees. In case of Qatari employee, Group contributes as pension, 14% of salary (Basic Salary + Social Allowance + Housing Allowance) on behalf of the employee and employee contributes 7% and the remaining 21% is remitted to Government Pension Fund as per requirements of Social Insurance Law No. 1 of 2002 (amending Law No. 24 of 2002 pertaining to Retirement and Pensions). In case of other GCC nationals, Group and other GCC employees contribute at specified rates which are then remitted to Government pension fund. Under this Law and Group's policy, Group does not have any legal or constructive obligation to pay future pension to those employees and hence Group's obligations are limited to its contributions paid to respective Government's Pension Fund which are expensed when due.

b) Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. In accordance with Qatar Labour Law number 14 of 2004, the Group makes payments to non-Qatari employees on their retirement, usually dependent on one or more factors such as age, years of service and compensation. This benefit was amended to also include Qatari employees who have completed 20 years' service.

For subsidiaries and associates located outside the State of Qatar, the Group follows the applicable laws and regulations in their countries.

For Qatari employees who retired prior to 2003, the Group pays pension to them in accordance with QatarEnergy pension scheme. These payments meet the definition of a defined benefit scheme under IAS 19 and are therefore accounted accordingly.

The liability recognised in the statement of financial position in respect of end of service benefits and defined benefit pension plans should be the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. When no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, when material, in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the statement of financial position, if any.

Other short-term employees' benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

3.14 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.15 Provision for decommissioning and site restoration obligations

The Group recognizes a provision for decommissioning and site restoration obligations associated mainly with plant and related assets. These obligations arise from either legal or constructive obligations, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 16 Property, Plant and Equipment, the estimated present value of future restoration costs is recognized as a provision at the date when the obligation arises, and the corresponding amount is capitalized as part of property, plant and equipment and depreciated over its useful life. The provision is measured at the present value of expected future cash outflows based on expected timing of decommissioning, discounted using a rate that reflects current market assessments of the time value of money and risks specific to the liability. The unwinding of discount is recognized as a finance cost in profit or loss. Provisions are reviewed periodically and adjusted for changes in estimates, including timing, cost assumptions, inflation and discount rates. Adjustments to decommissioning provision are accounted for prospectively, impacting both the provision and the carrying amount of the related asset. Additional assets which arise due to further development / construction are recognised as addition to property, plant and equipment and provision for decommissioning and site restoration obligation when they occur.

3.16 Income tax

Income tax is provided in accordance with the Qatar Income Tax Regulations. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

In 2020, management received a signed Memorandum of Understanding ("hereby referred to as the MOU") between QatarEnergy, General Tax Authority and Ministry of Finance. The MOU covers the tax reporting and payment implications applicable to the components of certain companies listed on Qatar Stock Exchange.

In determination of the Group's tax liability, the probability that the tax authority will accept certain tax treatments has been considered. Where it has been concluded that it is probable that the tax authority will accept such tax treatments the Group has determined the tax liability consistently with the tax treatments used or planned to be used in its income tax filings.

The Group has determined that the global minimum top-up tax is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

3.17 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under this method, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax losses can be utilised. A tax rate range of 10-35%, which is applicable to the Group, is used to measure deferred tax assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

3.18 Social and sports contribution fund

The Group makes contributions equivalents to 2.5% of the of the adjusted consolidated net profit relating to Qatar operations for the year into a state social and sports contribution fund for the support of social and sports activities. This is presented in the statement of changes of equity as appropriation of profit in accordance with Law No. 13 of 2008.

3.19 Dividends distribution

Liabilities for dividend distributions are recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividend distribution liabilities are recognised as a direct charge to retained earnings in the consolidated statement of changes in equity, with any unpaid amount is presented under trade and other payables in the consolidated statement of financial position.

3.20 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to ordinary owners of the Group
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the effect of any dilutive potential ordinary shares.

3.21 Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the consolidated financial statements when material.

3.22 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and short-term fixed deposits below 90 days and exclude restricted bank balances.

4. Critical judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements in compliance with IFRS Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

4.1.1 Judgements in determining the timing of satisfaction of performance obligations ("POs")

Performance obligations satisfied at a point in time, the Group considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred physical possession
- Customer has risk and rewards of ownership
- Customer has accepted the asset

In making their judgement, the management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer.

4.1.2 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.1.3 Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

4.1.4 Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

4.1.5 Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on a going concern basis.

4.1.6 Classification of Qatar Metals Coating Company WLL (Q-coat) as an associate

The Group has 50% interest in Qatar Metals Coating Company W.L.L., with the remaining 50% held by Qatar Industrial Manufacturing Company Q.P.S.C. The articles of association and shareholder agreement of Qatar Metals Coating Company W.L.L. requires appointment of equal number of board members by each company from which the Chairman is selected based on mutual understanding between both shareholders, and the Chairman has voting casting power; therefore, control is not demonstrated by the entity that does not appoint the Chairman. The current term of office requires appointment of the Chairman by Qatar Industrial Manufacturing Company. The Group has assessed that since the Chairman is appointed by Qatar Industrial Manufacturing Company in the current term, it limits the ability of the Group to exercise control and therefore, its interest in Qatar Metals Coating Company W.L.L. is recognized as an associate and is accounted for using equity method in consolidated financial statements as described in Note 3.

4.1.7 Classification of investments as joint ventures

Management evaluated the Group's interests in QAPCO and concluded that the joint arrangement is a joint venture where the entity is jointly controlled and the partners have rights to the net assets of the joint arrangements. In this investment, all decisions about the relevant activities require unanimous consent of the parties that collectively control the arrangement, as established contractually in the agreement and articles of association. Hence, management recognized this investment as investment in joint venture and accordingly accounted for the investment under the equity method in the consolidated financial statements.

4.1.8 Provision for decommissioning and site restoration obligations

The Group has land lease agreements mainly with QatarEnergy ("the Lessor") over the land on which plant and its related facilities have been constructed. Under these agreements, the Lessor has the right, upon termination or expiration of the lease term, to notify the Group that it requires to either:

- Transfer the facilities to the Lessor or a transferee nominated by the Lessor, against a price acceptable by the Group (in certain cases), or;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The above assumptions are based on management's best estimate and any change thereof may result in materially different recoverable amount. Based on this assessment, management did not identify any further impairment as the value in use exceeded the carrying values of investment in associates.

Where indicators of impairment were identified, the recoverable amount of the relevant investment was determined based on recoverable amount calculation of investee using the approved cash flow projections. The calculation is sensitive to changes in key assumptions, in particular the discount rate and terminal growth rate. Management performed sensitivity analyses by applying reasonably possible changes to these assumptions, including an increase in the discount rate and reductions in terminal growth rate. Based on the sensitivity analyses performed, management concluded that no reasonably possible change in key assumptions would result in the carrying amount of the investment exceeding its recoverable amount and, accordingly, no impairment in investment is required.

4.2.5 Pension for retired Qatari employees

The assumptions used in determining the cost for employees' end of service obligations of retired Qatari employees include the discount rate, mortality rates, proportion married, spouse's age and children pension allowance. Any changes in these assumptions will impact the amount of end of service obligations.

The table below sets out the key assumptions used to assess the provision for end of service benefits:

Assumption	2025	2024
Discount rate	4.9%	5.1%
Mortality rates	83.5 years (Male) 86.6 years (Female)	83.4 years (Male) 86.5 years (Female)
Proportion married	90%	90%
Spouse's age	Hubband 5 years older than wives	Hubband 5 years older than wives
Children pension allowance	Nil	Nil

The Group determines the appropriate discount rate at the end of each year. This discount rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the employees' end of service obligations.

4.2.6 Provision for end of service benefits for Qatari employees

QatarEnergy has provided guidelines in relation to end of service benefits ("ESB") for Qatari nationals as per the Law No. 14 of 2016. Accordingly, management has concluded that service below the 20-year threshold does not earn any benefit. Therefore, the service below the 20-year threshold does not create an obligation for the Group. For the employees who have completed 20 years of services, management has assessed the obligation and created necessary provision.

4.2.7 Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

4.2.8 Provision for decommissioning and site restoration obligations

The Group accounts for its obligations to decommission plant and its related facilities in accordance with the initial estimate with underlying assumptions that have been discussed amongst the Lessor and the Group.

Based on management's current assessment, a provision has been made in these consolidated financial statements (refer Note 19.2). The amount of the provision recognized is the present value of the estimated future expenditures. The estimate of the future expenditure has been prepared in accordance with international best practices and is based on current local conditions and requirements, including legal requirements, technology, price levels, etc. Actual costs are uncertain, and estimates can vary as a result of changes in the

7. Property, plant and equipment

	Buildings	Plant machinery and equipment	Furniture and other equipment	Capital work in progress	Decommissioning assets (v)	Total
Cost:						
At 1 January 2024	4,873,766	15,685,490	193,411	2,176,621	-	22,929,295
Additions	1,850	3,555	215	2,746,402	-	2,752,022
Transfers from capital project advances (Note 7A)	-	-	-	70,370	-	70,370
Acquisition of a subsidiary (Note 31) (Restated*)	129,692	4,067,829	86,366	128,997	-	4,412,884
Other transfers	122,832	506,568	44,493	(673,893)	-	-
Disposals and write-offs	(60,913)	(584,068)	(1,790)	-	-	(646,771)
At 31 December 2024 / 1 January 2025 (Restated*)	5,067,227	19,679,374	322,702	4,448,497	-	29,517,800
Additions	-	22,736	709	1,818,320	1,106,023	2,947,788
Transfers from capital project advances (Note 7A)	-	-	-	68,736	-	68,736
Other transfers	42,784	826,201	31,728	(900,713)	-	-
Disposals and write-offs	(1,388)	(221,105)	(3,884)	-	-	(226,377)
At 31 December 2025	5,108,623	20,307,206	351,255	5,434,840	1,106,023	32,307,947
Accumulated depreciation and impairment:						
At 1 January 2024	1,757,969	7,800,117	141,807	-	-	9,699,893
Depreciation charge (Restated*) (iii)	251,671	1,257,820	25,077	-	-	1,534,568
Acquisition of a subsidiary	65,461	3,005,938	85,297	-	-	3,156,696
Disposals and write-offs	(60,913)	(567,630)	(1,791)	-	-	(630,334)
At 31 December 2024 / 1 January 2025 (Restated*)	2,014,188	11,496,245	250,390	-	-	13,760,823
Depreciation charge (iii)	254,077	1,359,911	27,757	-	46,798	1,688,543
Disposals and write-offs	(831)	(220,710)	(3,884)	-	-	(225,425)
Reversal of impairment (iv)	(26,044)	(195,956)	-	-	-	(222,000)
At 31 December 2025	2,241,390	12,439,490	274,263	-	46,798	15,001,941
Net carrying value:						
At 31 December 2025	2,867,233	7,867,716	76,992	5,434,840	1,059,225	17,306,006
At 31 December 2024 (Restated*)	3,053,039	8,158,757	96,684	4,448,497	-	15,756,977

* Refer to Note 31.

Notes:

- (i) Buildings mainly include the industrial plant, offsite and administrative facilities constructed on land leased from various parties.
- (ii) Plant, machinery and equipment include capital spares and other spares with a net book value of QR 160.7 million (2024: QR 172.4 million) with useful lives ranging between 15 to 25 years.
- (iii) Depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2025	2024
Cost of sales (Note 25)	1,641,469	1,499,988
General and administrative expenses (Note 28)	46,213	37,708
Selling expenses	861	872
	1,688,543	1,534,568

* Refer to Note 31.

- (iv) In 2020, Qatar Steel decided to mothball some of the assets and recorded QR 1.19 billion of impairment against certain production facilities as a result of business model assessment. No additional impairment of property, plant and equipment was recognised after the initial recognition on such assets. During 2023, Qatar Steel restarted some of the mothballed assets, which resulted in a net reversal of QR 550 million. During 2025, Qatar Steel restarted part of the remaining mothballed production facilities, which resulted in a net impairment reversal of QR 222 million the consolidated statement of profit or loss. The impairment on the remaining mothballed assets has not been reversed based on management's assessment of when these assets will resume production.
- (v) During the year, the Group has capitalised decommissioning assets and recognized a provision for decommissioning, and site restoration obligations amounting to QR 1,106 million (2024: Nil). Refer to Note 19.2.

7A. Capital project advances

The Group entered into an agreement for the construction of QAFCO Plant VII (Ammonia VII), which is expected to be completed in 2026. An advance payment of QR 192.37 million in respect of this project was made during 2022.

	2025	2024
At 1 January	104,671	175,041
Released to capital work in progress	(68,736)	(70,370)
At 31 December	35,935	104,671

8. Investments in associates

Set out below are the associates of the Group as at 31 December 2025, which are accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Place of business/ country of incorporation	Percentage of ownership	
		2025	2024
Foulath Holding B.S.C.	Kingdom of Bahrain	25%	25%
SOLB Steel Company	Kingdom of Saudi Arabia	40.44%	40.38%
Qatar Metals Coating Company W.L.L.	State of Qatar	50%	50%

The associates above are private entities with no available quoted price. The carrying amount of each equity-accounted associate is as follows:

	2025	2024
Foulath holding B.S.C.	1,853,210	1,803,583
SOLB Steel Company (SOLB)	266,996	271,991
Qatar Metals Coating Company W.L.L.	19,031	6,006
	2,139,237	2,081,580

The carrying amount of the Group's equity-accounted associates has changed as follows:

	2025	2024
At 1 January	2,081,580	1,810,706
Conversion of advances to an investment (i)	-	191,493
Additional investment (i)	60,887	-
Share of profit	139,838	345,509
Share of other comprehensive income	(4,012)	9,484
Dividends received	(139,056)	(275,612)
At 31 December	2,139,237	2,081,580

- i. In 2023, the Group paid an advance of QR 191.49 million to SOLB to fund its cash and working capital requirements, with an objective to settle existing loans obtained by SOLB with financial institutions and obtain release of the financial guarantee provided by the Group as a shareholder. This funding helped SOLB settle the loan and, upon release of the financial guarantee from the lender in 2024, the Group reversed the provision for the financial guarantee, resulting in a gain of QR 142.66 million (Note 26).

During 2024, the Group converted advances of QR 191.49 million previously made to SOLB into an investment, which increased its ownership interest from 31.03% to 40.38%.

In 2025, the Group subscribed to additional shares in SOLB through a rights issue amounting to QR 60.89 million, which increased its ownership interest from 40.38% to 40.44%. The subscription was partly settled through the transfer of QR 12.2 million from "Due from related parties" under trade and other receivables, with the remainder settled in cash.

The summarised financial information in respect of the Group's associates is set out in the following table which represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy, if any.

Summarised statement of financial position	Foulath Holding B.S.C.		Qatar Metals Coating Company W.L.L.		SOLB Steel Company (SOLB)	
	2025	2024	2025	2024	2025	2024
Current assets	4,199,263	4,095,045	60,464	49,673	279,484	300,971
Non-current assets	5,338,105	5,108,436	7,820	7,212	1,744,439	1,802,448
Current liabilities	(2,233,177)	(1,750,132)	(27,179)	(15,850)	(1,439,130)	(1,505,576)
Non-current liabilities	(2,123,745)	(2,474,753)	(2,607)	(2,437)	(58,051)	(54,166)
Net assets	5,180,446	4,978,596	38,498	38,598	526,742	543,677
Group's share in %	25%	25%	50%	50%	40.44%	40.38%
Group's share in QR	1,295,111	1,244,649	19,249	19,299	213,014	219,537
Impairment and other losses	(120,000)	(120,000)	-	-	(150,796)	(150,796)
Goodwill	684,804	684,804	-	-	203,250	203,250
Pre-acquisition equity adjustment	660	660	-	-	-	-
Intercompany margin elimination	(7,173)	(6,435)	(218)	(13,293)	-	-
Other adjustments	(192)	(95)	-	-	1,528	-
Carrying amount	1,853,210	1,803,583	19,031	6,006	266,996	271,991

expected approach to decommissioning and site restoration obligations, advancement in technology and the relevant laws and regulations. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimated time of decommissioning, discount and inflation rates.

The estimate has been developed based on available technical and executional details within the typical range of a Class 3 study and feasibility estimate. The key assumptions used and their sensitivity analysis is disclosed in Note 19.2

4.2.9 Reversal of impairment on property, plant and equipment

The determination of the recoverable amount of property, plant and equipment of Qatar Steel is based on a value in use methodology. The value in use calculations were performed based on the following assumptions:

- Discount rate: 11%
- Utilization of capacity: 70% to 80%
- Earnings before interest, tax, depreciation and amortisation (EBITDA) margin: 10% - 11%
- Terminal period growth rate: 3%
- Projected cash flows over 5 years

The above assumptions are based on management's best estimate, and any change thereof may result in materially different recoverable amounts.

The recoverable amount of the cash-generating unit ("CGU") was determined based on a value-in-use calculation using approved cash flow projections. The calculation is sensitive to changes in key assumptions, in particular the discount rate and terminal growth rate. Management performed sensitivity analyses by applying reasonably possible changes to these assumptions, including an increase in the discount rate and reductions in terminal growth rate. Based on the sensitivity analyses performed, management concluded that no reasonably possible change in key assumptions would result in the conclusion with regard to the impairment reversal on property, plant and equipment.

5. Cash and cash equivalents

	2025	2024
Cash in hand	175	173
Cash at banks	594,413	1,034,296
Short term fixed deposits – less than 90 days	3,136,671	2,399,521
	3,731,259	3,433,990

6. Fixed deposits and other bank balances

	2025	2024
Fixed deposits (i)	6,033,924	7,262,356
Restricted bank balance (ii)	83,070	-
Dividend accounts (iii)	78,985	89,244
	6,195,979	7,371,600

- i) Fixed deposits are held with banks and denominated mainly in US Dollars with an average effective interest rate of 4.6% (31 December 2024: 5.9%).

- ii) The Group entered into service agreements with QatarEnergy, whereby the Group provides project management and execution services for the development activities of the Carbon Capture and Storage (CCS) and urea production complex. QatarEnergy reimburses the Group for costs incurred in providing these services, in accordance with the agreement's terms. QatarEnergy is the sole owner of these projects. This represents bank balances for the funds received in relation to Urea and CCS project, and as per agreement can be utilised for these projects only.

- iii) Dividend accounts are restricted bank balances for the amounts deposited in the bank for the dividends declared which are yet to be collected by the shareholders.

	Buildings	Plant machinery and equipment	Furniture and other equipment	Capital work in progress	Decommissioning assets (v)	Total
Cost:						
At 1 January 2024	4,873,766	15,685,490	193,411	2,176,621	-	22,929,295
Additions	1,850	3,555	215	2,746,402	-	2,752,022
Transfers from capital project advances (Note 7A)	-	-	-	70,370	-	70,370
Acquisition of a subsidiary (Note 31) (Restated*)	129,692	4,067,829	86,366	128,997	-	4,412,884
Other transfers	122,832	506,568	44,493	(673,893)	-	-
Disposals and write-offs	(60,913)	(584,068)	(1,790)	-	-	(646,771)
At 31 December 2024 / 1 January 2025 (Restated*)	5,067,227	19,679,374	322,702	4,448,497	-	29,517,800
Additions	-	22,736	709	1,818,320	1,106,023	2,947,788
Transfers from capital project advances (Note 7A)	-	-	-	68,736	-	68,736
Other transfers	42,784	826,201	31,728	(900,713)	-	-
Disposals and write-offs	(1,388)	(221,105)	(3,884)	-	-	(226,377)
At 31 December 2025	5,108,623	20,307,206	351,255	5,434,840	1,106,023	32,307,947
Accumulated depreciation and impairment:						
At 1 January 2024	1,757,969	7,800,117	141,807	-	-	9,699,893
Depreciation charge (Restated*) (iii)	251,671	1,257,820	25,077	-	-	1,534,568
Acquisition of a subsidiary	65,461	3,005,938	85,297	-	-	3,156,696
Disposals and write-offs	(60,913)	(567,630)	(1,791)	-	-	(630,334)
At 31 December 2024 / 1 January 2025 (Restated*)	2,014,188	11,496,245	250,390	-	-	13,760,823
Depreciation charge (iii)	254,077	1,359,911	27,757	-	46,798	1,688,543
Disposals and write-offs	(831)	(220,710)	(3,884)	-	-	(225,425)
Reversal of impairment (iv)	(26,044)	(195,956)	-	-	-	(222,000)
At 31 December 2025	2,241,390	12,439,490	274,263	-	46,798	15,001,941
Net carrying value:						
At 31 December 2025	2,867,233	7,867,716	76,992	5,434,840	1,059,225	17,306,006
At 31 December 2024 (Restated*)	3,053,039	8,158,757	96,684	4,448,497	-	15,756,977

Summarised statement of comprehensive income	Foulath Holding B.S.C.		Qatar Metals Coating Company W.L.L.		SOLB Steel Company (SSC)	
	2025	2024	2025	2024	2025	2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2025	2024
At 1 January	-	-
Provision made during the year (Note 7)	1,106,023	-
Unwinding of discount recognised as finance cost	30,050	-
At 31 December	<u>1,136,073</u>	-

Key assumptions used to measure above provision for decommissioning and site restoration obligation include decommissioning year (up to 2071), the inflation rate (based on the relevant market) is 2.18% and discount rates (pre-tax rate based on relevant market and the risks specific to the liability) ranging between 6.13% to 6.78%.

An increase / (decrease) of 3 years in decommissioning year would (decrease) / increase the provision by QR (163.4) million and QR 194 million respectively, with a corresponding impact in decommissioning asset. An increase / (decrease) of 1% in inflation rate would increase / (decrease) the provision by QR 392.5 million and QR (267.9) million respectively, with a corresponding impact in decommissioning asset. While an increase / (decrease) of 1% in discount rate would (decrease) / increase the provision by QR (238.3) million and QR 346.6 million respectively, with a corresponding impact in decommissioning asset.

The provision and assumptions used will be re-evaluated on a periodic basis and adjustments will be made in the future accounting periods as deemed necessary.

The provision for decommissioning and site restoration obligation is presented in the consolidated statement of financial position as non-current.

20. Trade and other payables

	2025	2024
Accrued expenses	570,574	1,326,435
Financial guarantee (1)	257,342	257,342
Due to related parties (Note 21(b))	846,121	489,776
Trade payables	331,138	283,201
Social and sports contribution fund payable (Note 17)	106,958	106,536
Dividend payable	78,985	89,244
Other payables	85,593	70,644
	<u>2,276,711</u>	<u>2,623,178</u>

* Refer to Note 31.

(1) Financial guarantee

This represents the provision on financial guarantees given to one of the Group's associates which was based on maximum liability of the Group's total exposure. During 2024, based on settlement of the loan by the Group's associate and related release of guarantee from one of the lenders, the Group reversed provision of QR 142.66 million and recognised it as other income. Refer to Note 26.

21. Related parties' disclosures

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the respective management.

a) Related party transactions

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

Goods and services provided to related parties

	2025		2024	
	Sales	Management fees	Sales	Management fees
Parent				
QatarEnergy	16,928	-	8,460	-
Associates				
Qatar Metals Coating Company W.L.L.	87,979	756	44,861	302
SOLB Steel Company	209,447	838	233,236	838
Entities under common control				
QatarEnergy Marketing	10,840,731	-	8,662,195	-
Qatar Fuel Company Q.P.S.C. (WOQOD)	315	-	239	-
Affiliates				
Qatar Vinyl Company Limited (QVC) Q.S.C.	810	-	625	-
Qatofin Company Limited Q.P.J.S.C.	200	-	113	-
	<u>11,156,410</u>	<u>1,594</u>	<u>8,949,729</u>	<u>1140</u>

Goods and services from related parties

	2025			
	Purchases	Administrative expenses	Dividends and tax benefits	Other income/ (expenses)
Parent				
QatarEnergy	5,495,483	116,076	-	2,174
Joint venture				
QAPCO*	-	-	1,230,704	-
Associates				
Qatar Metals Coating Company W.L.L.	26	-	2,500	-
SOLB Steel Company	-	-	-	6,223
Foulath Holding B.S.C.	-	-	136,556	-
Entities under common control				
QatarEnergy Marketing	705	14,080	-	-
Al Koot Insurance and Reinsurance Company P.J.S.C.	-	52,711	-	-
Qatar Fuel Company Q.P.S.C. (WOQOD)	13,364	-	-	(75)
Qatar Chemical Company Ltd (Qchem)	-	116	-	-
Affiliates				
GASAL Company Q.S.C.	76,630	-	-	81
Bahrain Steel B.S.C.	1,019,147	-	-	-
Amwaj Catering Services Limited (Qatari Private Shareholding Company)	-	1,328	-	-

* Tax benefit income from QAPCO also includes the tax benefit income from its underlying entities.

	2024			
	Purchases	Administrative expenses	Dividends and tax benefits	Other income/ (expenses)
Parent				
QatarEnergy	4,056,918	98,383	-	24,391
Joint venture				
QAFAC*	14,968	-	273,000	-
QAPCO**	-	-	1,020,290	(1,196)
Associates				
Qatar Metals Coating Company W.L.L.	159	-	2,500	-
SOLB Steel Company	-	-	-	23,725
Foulath Holding B.S.C.	-	-	273,112	-
Entities under common control				
QatarEnergy Marketing	152	15,165	-	-
Al Koot Insurance and Reinsurance Company P.J.S.C.	-	30,243	-	-
Qatar Fuel Company Q.P.S.C. (WOQOD)	11,984	-	-	-
Affiliates				
Qatofin Company Limited Q.P.J.S.C.	-	-	-	(751)
GASAL Company Q.S.C.	63,776	-	-	74
Bahrain Steel B.S.C.	726,740	-	-	-
Amwaj Catering Services Limited (Qatari Private Shareholding Company)	-	1,340	-	-

* QAFAC balances are for the period from 1 January 2024 to 9 June 2024.

** Tax benefit income from QAPCO also includes the tax benefit income from its underlying entities.

Other transactions with related parties

	2025	2024
Advances given		
Affiliates		
Qatar Vinyl Company Limited (QVC) Q.S.C.	128,012	177,747
Associates		
SOLB Steel Company	-	12,201
Foreign currency bought from the Parent	<u>309,400</u>	<u>29,120</u>
Foreign currency bought from the affiliates	<u>683,592</u>	<u>4,384,744</u>
Foreign currency sold to the Parent	<u>1,892,119</u>	<u>9,221,030</u>
Funds received from the Parent for project management services (Note 6)	<u>107,725</u>	-
b) Related party balances		
Due from related parties		
Parent		
QatarEnergy	7,223	7,108
Joint venture		
QAPCO*	635,615	768,450
Associates		
SOLB Steel Company	284,668	233,911
Qatar Metal Coating Company W.L.L.	25,141	14,568
Entities under common control		
QatarEnergy Marketing	1,044,571	980,673
Qatar Fuel Company Q.P.S.C. (WOQOD)	-	52
Qatar Chemical Company Ltd (Qchem)	116	-
Affiliates		
Qatofin Company Limited Q.P.J.S.C.	62	14
Qatar Vinyl Company Limited (QVC) Q.S.C.	68	43
Qatar Vinyl Company Limited (QVC) Q.S.C.	1,997,464	2,004,819
	(58,038)	(58,038)
Less: expected credit loss	<u>1,939,426</u>	<u>1,946,781</u>

* The balance represents dividend and tax benefit related receivables.

Due from related parties are unsecured and non-interest bearing. These are collectible within the Group's normal credit terms, except for amounts of QR 58.04 million (2024: QR 58.04 million) on which expected credit losses have been recognised.

	2025	2024
Parent		
QatarEnergy	761,903	368,254
Entity under common control		
QatarEnergy Marketing	285	-
Al Koot Insurance and Reinsurance Company P.J.S.C.	7,734	3,719
Qatar Fuel Company Q.P.S.C. (WOQOD)	34	457
Affiliates		
GASAL Company Q.S.C.	3,021	525
Bahrain Steel B.S.C.	73,144	116,821
	<u>846,121</u>	<u>489,776</u>

Due to related parties are non-interest bearing and payable on demand.

Terms and conditions of transactions with related parties

Outstanding balances as at 31 December 2025 and 2024 are unsecured and interest-free. Other than those mentioned, there have been no guarantees provided or received for any related party receivables or payables.

Other guarantees with related parties

The Group has provided bank guarantees for one of its associates in respect of their borrowings from external banks. Refer to Note 20.

c) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year was as follows:

	2025	2024
Board of Directors remuneration (1)	13,883	13,760
Remuneration and short term benefits to key management personnel	47,570	42,465
Long term benefits to key management personnel	3,062	5,970
	<u>64,515</u>	<u>62,195</u>

Deferred tax

The movement of deferred tax asset is as follows:

	2025	2024
At 1 January	17,264	-
Acquisition of a subsidiary	-	20,420
Deferred tax income / (expense)	20,775	(3,156)
At 31 December	<u>38,039</u>	<u>17,264</u>

The movement of deferred tax liability is as follows:

	2025	2024
At 1 January	66,176	-
Arising on acquisition of a subsidiary (Note 31)	-	70,053
Deferred tax income	(7,006)	(3,877)
At 31 December	<u>59,170</u>	<u>66,176</u>

Global Minimum Tax

The Company and its subsidiaries are part of the QatarEnergy Group, a multinational enterprise (MNE) headquartered in Qatar and subject to the Pillar Two regime introduced by the Organisation for Economic Cooperation and Development (OECD).

On 27 March 2025, the State of Qatar published in the Official Gazette Law No. 22 of 2024, amending certain provisions of the Income Tax Law (Law No. 24 of 2018) by introducing the Domestic Minimum Top up Tax (DMTT) and Income Inclusion Rule (IIR), with a global minimum tax rate of 15%. These amendments are effective from 1 January 2025. In May 2023, the International Accounting Standards Board (IASB) amended IAS 12 to introduce a temporary mandatory exception from recognizing deferred taxes arising from Pillar Two legislation. The Company and its subsidiaries have adopted this exception and has not recorded any deferred taxes related to Pillar Two for the reporting period.

The Company and its subsidiaries mainly operate in Qatar and the United Arab Emirates (UAE). In February 2025, the Ministry of Finance (MoF) of the UAE issued Cabinet Decision No. 142 of 2024 introducing a 15% DMTT for MNE group entities operating in the UAE and subject to Pillar Two. This Decision applies to annual periods beginning on or after 1 January 2025.

QatarEnergy MNE Group has performed a preliminary impact assessment of all relevant jurisdictions, including the Company and its subsidiaries, using the qualified CbCR for FY 2024 and applying the Transitional Country by Country Reporting (CbCR) Safe Harbour Rule. The assessment indicates that there is no impact on the Company and its subsidiaries in the jurisdictions in which it operates, other than QR 7.27 million recognised by the Group's subsidiary in UAE.

The Group continues to monitor developments in Qatar and other jurisdictions, including the issuance of Executive Regulations that may affect future tax calculations and compliance. Any material changes will be reflected in future reporting periods.

24. Revenues

	2025	2024
Disaggregation of revenue – at a point in time		
Bars sales	2,818,627	2,701,720
Billet sales	555,975	233,236
Direct reduced iron (DRI) sales	1,447,776	824,763
Coil sales	297,644	221,762
Urea sales	7,660,014	6,494,660
Ammonia sales	659,060	551,440
Melamine sales	235,906	200,108
Methanol sales	629,221	383,282
Methyl tert-butyl ether (MTBE) sales	1,673,772	1,041,165
	<u>15,977,995</u>	<u>12,652,136</u>

25. Cost of sales

	2025	2024
Raw materials, utilities and consumables used	9,028,777	6,956,399
Depreciation of property, plant and equipment (Note 7)	1,641,469	1,499,988
Employee benefits expenses	920,112	787,848
Repair and maintenance	224,820	157,573
Depreciation of right-of-use assets (Note 11)	52,527	42,584
External manpower cost	129,969	86,030
Professional and consultancy fee	20,015	23,614
Others	159,987	320,234
	<u>12,177,476</u>	<u>9,874,270</u>

* Refer to Note 31.

26. Other income - net

	2025	2024
By-product sales - net	11,132	(42,983)
Unrealized gain / (loss) on financial assets at FVTPL (Note 12)	4,584	(19,690)
Reversal of impairment loss on property, plant and equipment (Note 7)	222,000	-
Reversal of provision on financial guarantee (Note 20)	-	142,659
Bargain purchase gain (Note 31)	-	225,762
Gain on remeasurement of previously held equity interest in a joint venture (Note 31)	-	146,476
Others	65,010	102,285
	<u>302,726</u>	<u>554,509</u>

* Refer to Note 31.

27. Income from other investments

	2025	2024
Dividend income from financial assets at FVTPL	18,660	22,017
Income on bank deposits – Islamic banks	179,100	280,977
Income on bank deposits – other banks	234,494	405,645
	<u>432,254</u>	<u>708,639</u>

28. General and administrative expenses

	2025	2024
Employee benefits expenses	560,808	490,420
Professional and consultancy fee (1)	18,766	30,932
External services	88,537	75,914
Depreciation of property, plant and equipment (Note 7)	46,213	33,708
Depreciation of right-of-use assets (Note 11)	9,459	9,813
Rental, utilities and supplies	29,569	29,231
Board of director's remuneration	13,883	13,760
Travel, transportation and communication	15,907	12,725
QatarEnergy management fees	6,059	5,843
Qatar Stock Exchange fees	2,229	2,229
Others	64,193	56,508
	<u>855,623</u>	<u>761,081</u>

(1) This includes auditors' remuneration of audit of financial statements related fees for an amount of QR 1.02 million (2024: QR 0.79 million) and services other than audit for an amount of QR 0.68 million (2024: QR 0.37 million).

29. Commitments

Significant capital expenditure contracted at the end of the reporting period but not recognized as a liability is as follows:

	2025	2024
Capital commitments from subsidiaries	1,209,408	2,638,913
Capital commitments – the Group's share of associates and joint venture	<u>279,762</u>	<u>399,600</u>

30. Contingencies

a. Group's share in contingent liabilities

	2025	2024
Letters of credit	3,554	15,042
Bank guarantees	172	3,086
Letters of credit – the Group's share of associates and joint venture	<u>228,487</u>	<u>126,141</u>
Bank guarantees – the Group's share of associates and joint venture	<u>6,308</u>	<u>61,253</u>

The Group anticipates that no material liabilities will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business other than the QR 257.34 million (2024: QR 257.34 million) already recognized (Note 20).

b. Site restoration obligations

One of the Group's subsidiaries has entered into a land lease agreement with lessor on which the plant and other facilities have been constructed. Under this agreement, the Lessor has the right, upon termination or expiration of the lease term, to notify the subsidiary that it requires to either:

- Transfer the facilities to the Lessor or a transferee nominated by the Lessor, against a price acceptable by the subsidiary; or,
- Remove the facilities and all other property from the land and restore it to the condition in which it was delivered to the subsidiary, at the subsidiary's cost, unless otherwise is agreed with the Lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Finalization of fair value

The fair values of the identifiable assets acquired and liabilities assumed were determined with assistance from an independent external valuation specialist. As part of the purchase price allocation, the valuation of property, plant and equipment was performed using the Depreciated Replacement Cost (DRC) method, as the assets are specialised in nature and not directly comparable in the market. This approach reflects the current replacement cost of the assets, adjusted for allowances for obsolescence. The fair value uplift of QR 400.3 million in property, plant and equipment resulted in recognition of deferred tax liability of QR 70 million.

The valuation of inventories resulted in a fair value increase of QR 41.9 million. The uplift primarily relates to finished goods, valued based on observable selling prices at the acquisition date, net of costs to sell and including a reasonable margin for selling effort. The carrying values of other inventory components were assessed to approximate fair value.

The trade receivables balance of QR 585.2 million represents contractual amounts receivable with no expected credit losses at the acquisition date. The deferred tax assets and income tax payable was adjusted to exclude amounts receivable from or payable to the Group (based on MOU referred in Note 4), reflecting the elimination of intra-group balances.

The carrying values of the remaining identifiable assets and liabilities assumed are a reasonable approximation of their fair values.

The fair values determined are categorized within Level 3 of the fair value hierarchy.

The Group finalized the acquisition accounting of QAFAC within the one-year measurement period permitted by IFRS 3. The measurement period ended on 9 June 2025. Previously, as of 31 December 2024 and 30 June 2024, the Group had reported provisional fair values. Accordingly, upon completion of the fair values, the comparative information presented as at and for the year ended 31 December 2024 have been restated to reflect the adjustments to provisional amounts as required by IFRS 3. The impact of restatement is as follows:

	Impact of the finalization of acquisition accounting		
	As previously reported	Adjustments	As restated
As at 31 December 2024			
<i>Items related to the consolidated statement of financial position:</i>			
Assets			
Property, plant and equipment	15,522,415	234,562	15,756,977
Other assets	26,892,955	-	26,892,955
Total assets	42,415,370	234,562	42,649,932
Equity			
Retained earnings	31,437,783	171,196	31,608,979
Non-controlling interests	902,435	(7,200)	895,235
Others	6,311,954	-	6,311,954
Total equity	38,652,172	163,996	38,816,168
Liabilities			
Deferred tax liability	-	66,176	66,176
Trade and other payables	2,618,788	4,390	2,623,178
Other liabilities	1,144,410	-	1,144,410
Total liabilities	3,763,198	70,566	3,833,764
Total liabilities and equity	42,415,370	234,562	42,649,932
For the year ended 31 December 2024			
<i>Items related to the consolidated statement of profit or loss:</i>			
Revenues	12,652,136	-	12,652,136
Cost of sales	(9,810,216)	(64,054)	(9,874,270)
Other income - net	325,946	228,563	554,509
Income tax expense	(41,837)	3,877	(37,960)
Others	1,433,530	-	1,433,530
Profit for the period	4,559,559	168,386	4,727,945
Profit attributable to:			
Owners of the Company	4,490,293	175,586	4,665,879
Non-controlling interests	69,266	(7,200)	62,066
Earnings per share	4,559,559	168,386	4,727,945
Basic and diluted earnings (QR per share)	0.74	0.03	0.77
<i>Items related to the consolidated statement of comprehensive income:</i>			
Total comprehensive income for the period	4,556,719	168,386	4,725,105
Total comprehensive income attributable to:			
Owners of the Company	4,487,453	175,586	4,663,039
Non-controlling interests	69,266	(7,200)	62,066
Total comprehensive income attributable to owners of the Company	4,556,719	168,386	4,725,105
<i>Items related to the consolidated statement of changes in equity:</i>			
Retained earnings	31,437,783	171,196	31,608,979
Non-controlling interests	902,435	(7,200)	895,235
Others	6,311,954	-	6,311,954
Total equity	38,652,172	163,996	38,816,168

There is no impact on operating, investing and financing cash flows due to above change.

31.2 Consideration transferred

As the Group has acquired control by virtue of expiry of the CJVA, there is no consideration transferred as part of this business combination.

31.3 Acquisitions related cost

The Group has incurred acquisition-related costs amounting to QR 0.49 million during the year (2024: Nil) relating to consultant and external professional fees.

31.4 Remeasurement of previously held equity interest in a joint venture

Based on the fair value, the table below summarizes the gain on remeasurement of previously held equity interest in the joint venture on the date of acquisition, which has been recorded in profit or loss of the comparative period as part of other income (Note 26).

	Amount
50% of the fair value of the joint venture as of the date of acquisition	1,043,471
Carrying value of joint venture as of date of acquisition	(896,996)
Fair value gain on remeasurement of existing interest in QAFAC	146,475

31.5 Non-controlling interest

Post expiry of CJVA, effective 10 June 2024, remaining 50% shareholding in QAFAC held by other shareholders is to be acquired by related party with economic effective date of 10 June 2024 which is only entitled to 50% share of profits due to its shareholding. The following table summarizes the information relating to non-controlling interest (NCI) before any intra-group eliminations at acquisition date:

	Amount
Total identifiable net assets acquired	1,635,416
NCI percentage	50%
NCI as of date of acquisition – based on their proportionate share of net assets	817,708

31.6 Bargain purchase gain

Fair value of identifiable net assets 2,086,942
Fair value of investment in QAFAC as of acquisition date (1,043,471)
NCI as of date of acquisition – based on their proportionate share of net assets (817,708)
Bargain purchase gain (Note 26) **225,763**

32. Segment information

The Group operates in the Gulf region. For management purposes, the Group is organised into business units based on their products and services. In determining business units, joint ventures of the Group are treated as if they are proportionately consolidated within the financial statements. The Group has three reportable segments as follows:

- The petrochemical segments, which produces and sells ethylene, polyethylene, MTBE, methanol and other petrochemical products.
- The fertilizer segment, which produces and sells urea, ammonia and other by-products.
- The steel segment, which produces and sells steel pellets, bars, billets and others.

Management of the Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment revenue

The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

	31 December 2025			31 December 2024		
	Revenue from external customers	Inter-segment revenue	Total	Revenue from external customers	Inter-segment revenue	Total
Petrochemicals	5,039,355	33,181	5,072,536	4,982,966	18,330	5,001,296
Fertilisers	8,554,981	-	8,554,981	7,246,209	-	7,246,209
Steel	5,120,021	-	5,120,021	3,981,481	-	3,981,481
Total segment revenue	18,714,357	33,181	18,747,538	16,210,656	18,330	16,228,986
Revenue from joint ventures	(2,736,362)	-	(2,736,362)	(3,558,520)	-	(3,558,520)
Revenue per consolidated statement of profit or loss	15,977,995	-	15,977,995	12,652,136	-	12,652,136

Revenues from external customers come from the sale of steel bars, billets, coils, direct reduced iron, hot briquetted iron, by-products, freight revenues, urea, ammonia, methyl-tertiary-butyl-ether (MTBE), methanol, ethylene, polyethylene and other petrochemical products.

Revenues of QR 10,841 million (2024: QR 8,662 million) are derived from a single external customer, QatarEnergy Marketing.

The Group entities are domiciled in Qatar, the Kingdom of Bahrain, the Kingdom of Saudi Arabia and United Arab Emirates.

Of the Group's consolidated revenue in 2025, 76% is earned from customers in Qatar (2024: 78%), 15% is earned from customers in UAE (2024: 8%) and the remaining is distributed amongst the customers in a number of countries which is not split for purpose of segment reporting.

Segment profit

The following table presents profit information regarding the Group's operating segments for the year ended 31 December 2025 and 2024, respectively:

	Petrochemicals	Fertilisers	Steel	Total
31 December 2025				
Segment profit after tax	767,141	2,675,717	532,512	3,975,370
Share of results from associates	-	-	139,838	139,838
Total segment profit	767,141	2,675,717	672,350	4,115,208
<i>Unallocated income:**</i>				
Interest income	-	-	-	317,402
Dividend income	-	-	-	18,660
Other income	-	-	-	8,592
	-	-	-	344,654
<i>Unallocated expense:**</i>				
Board of Director's fees and expenses	-	-	-	(8,750)
QatarEnergy management fee	-	-	-	(6,059)
Qatar Stock Exchange fees/charges	-	-	-	(2,229)
Other expense	-	-	-	(119,333)
	-	-	-	(136,371)
Profit for the year				4,323,491

* These represent the income and expenses of IQ from its own activities excluding dividends received from subsidiaries and joint ventures, which are eliminated as part of consolidation.

	Petrochemicals	Fertilisers	Steel	Total
31 December 2024 (Restated*)				
Segment profit after tax	1,430,300	1,969,912	219,818	3,620,030
Share of results from associates	-	-	345,509	345,509
Total segment profit	1,430,300	1,969,912	565,327	3,965,539
<i>Unallocated income:**</i>				
Interest income	-	-	-	544,288
Dividend income	-	-	-	22,017
Other income	-	-	-	387,794
	-	-	-	954,099
<i>Unallocated expense:**</i>				
Board of Director's fees and expenses	-	-	-	(8,750)
QatarEnergy annual fee	-	-	-	(5,843)
Qatar Stock Exchange fees/charges	-	-	-	(2,229)
Other expense	-	-	-	(174,871)
	-	-	-	(191,693)
Profit for the year				4,727,945

** These represent the income and expenses of IQ from its own activities excluding dividends received from subsidiaries and joint ventures, which are eliminated as part of consolidation.

Segment assets and liabilities

The following table presents segment assets and liabilities regarding the Group's business segments as at 31 December 2025 and 2024. Reconciliation of reportable segments total assets and total liabilities:

	Petrochemicals	Fertilisers	Steel	Unallocated	Adjustments and eliminations**	Total
31 December 2025	9,902,265	17,059,695	9,289,264	8,144,170	(1,257,319)	43,138,075
At 31 December 2024 (Restated*)	9,459,104	15,001,768	8,536,553	9,934,843	(322,719)	42,609,549
Segment assets						
At 31 December 2025	3,333,505	2,920,833	1,129,797	203,303	(3,103,228)	4,484,210
At 31 December 2024 (Restated*)	2,072,568	2,517,078	1,054,792	270,931	(2,121,988)	3,793,381

* Refer to Note 31.

** These represent IQ's assets and liabilities from its own activities, excluding balances relating to its investments in subsidiaries and joint venture and receivables with subsidiaries, which are eliminated as part of consolidation.

33. Financial risk and capital management

a. Objectives and policies

The treasury function of each entity in the Group provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk, foreign currency exchange risk, and other price risk), credit risk and liquidity risk.

b. Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, 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 optimizing the return. The Group's activities expose it primarily to the financial risks of changes in commodity prices, foreign currency exchange rates and interest rates.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets with floating interest rates, which are mainly cash and bank balances.

Sensitivity

For interest bearing assets, the analysis is prepared assuming the amount of the assets held outstanding at the end of the reporting period was outstanding for the whole year. As at reporting date, if interest rates had been 100 basis point higher/lower with all other variables held constant, income and equity for the year would have been QR 99 million (2024: QR 108 million) higher/lower, mainly as a result of higher/lower interest income on interest bearing assets.

(ii) Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Management is of the opinion that the Group's exposure to currency risk is not significant as most of its foreign currency transactions are in United States Dollar which is pegged to Qatari Riyal.

(iii) Equity price risk

The Group's listed investments are susceptible to equity price risk arising from uncertainties about future values of the investments. The Group manages the equity price risk through diversification and placing limits on individual and total portfolio of equity instruments. Reports on the equity portfolio are submitted to senior management on a regular basis and results are reviewed by the Board of Directors.

Sensitivity

As at the reporting date, the exposure to listed equity securities at fair value was QR 405.97 million (2024: QR 401.39 million) which includes financial assets at FVTPL (Note 12). An increase or decrease of 10% on the Qatar Stock Exchange Index would have an impact of approximately QR 40.6 million (2024: QR 40.1 million) on the equity.

All of the Group's equity investments are publicly traded and are included in the Qatar Stock Exchange.

(iv) Commodity price risk

Volatility in oil and gas together with prices of commodity is inherent in Group's business and operating environment. The Group's key products are primarily sold through off-take agreements based on international prices. The Group's profit margin is therefore, affected by disproportionate fluctuations in the prices of crude oil and commodity prices.

The Group is also exposed to commodity price risk, which arises from the purchase and consumption of large volumes of raw materials in its normal course of business. Raw material prices are linked to an index, which is volatile and influenced by worldwide factors such as political events, supply and demand fundamentals.

The Group does not use any derivative instruments to manage commodity price risks or for speculative purposes. The Group's sensitivity to commodity prices has not changed significantly from the prior year.

c. Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The Group defines counterparties as having similar characteristics if they are related entities. Further, the Group limits its exposure on export customers by taking out letters of credit, where applicable.

In order to minimize credit risk, the Group develops and maintains the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

	External credit ratings	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
31 December 2025					
Trade and other receivables (1)	N/A	Lifetime ECL	3,796,210	(58,392)	3,737,818
Fixed deposits	Aa2, A+, A2, A3 and Baa1	Lifetime ECL	6,033,924	-	6,033,924
Bank balances (2)	Aaa, Aa and A	12-month ECL	3,893,139	-	3,893,139
31 December 2024					
Trade and other receivables (1)	N/A	Lifetime ECL	3,405,760	(58,395)	3,347,365
Fixed deposits	Aa2, A+, A2, A3 and Baa1	Lifetime ECL	7,282,356	-	7,282,356
Bank balances (2)	Aaa, Aa and A	12-month ECL	3,523,061	-	3,523,061

(1) Trade and other receivables include trade accounts receivable, due from related parties, loans to employees, accrued interest and other receivables.

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

(2) Loss allowances on bank balances are always measured at an amount equal to 12-month ECLs. The Group considers bank balances to have a low risk level when their credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Ba3 or higher per Moody's Rating Agency. Accordingly, no material loss allowance on bank balances.

c. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity 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.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Analysis of financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual repayment obligations:

	Less than 1 year	Between 1-5 years	More than 5 years	Total contractual cash flows	Carrying amount of liabilities
At 31 December 2025					
Lease liability	90,713	252,222	233,162	576,097</	