

The Kuwait Olefins Company K.S.C.C.
State of Kuwait

**Independent auditor's review report and condensed interim
financial information for the six-month period ended 30 June 2025**

The Kuwait Olefins Company K.S.C.C.
State of Kuwait

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Independent auditor's report on review of condensed interim financial Information

The Board of Directors
The Kuwait Olefins Company K.S.C.C.
State of Kuwait

Introduction

We have reviewed the accompanying condensed interim financial information of The Kuwait Olefins Company K.S.C.C. ("the Company"), which comprises the condensed statement of financial position as at 30 June 2025, the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six-month ended 30 June 2025 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Dr. Rasheed M. Al-Qenae
License No 130
of KPMG Al-Qenae & Partners
Member firm of KPMG International

Kuwait: 6 August 2025

The Kuwait Olefins Company K.S.C.C.
State of Kuwait

Condensed statement of financial position
as at 30 June 2025

		US\$ '000	
		30 June 2025	31 December 2024
Notes			(Audited)
Assets			
Property, plant and equipment		422,648	429,404
Intangible assets		132,627	145,333
Right-of-use assets		10,350	11,253
Non-current assets		565,625	585,990
Inventories		5,062	5,113
Due from related parties		3 52,892	46,419
Prepayments and other receivables		11,718	11,736
Notes receivables		3 133,028	97,898
Bank balances		3,688	3,470
Current assets		206,388	164,636
Total assets		772,013	750,626
Equity			
Share capital		380,417	380,417
Statutory reserve		190,208	190,208
Retained earnings		118,294	101,666
Total equity		688,919	672,291
Liabilities			
Lease liabilities		9,010	10,711
Non-current liabilities		9,010	10,711
Lease liabilities		1,945	1,701
Accruals and other liabilities		13,411	16,532
Due to related parties		3 48,413	40,375
Trade payables		10,315	9,016
Current liabilities		74,084	67,624
Total liabilities		83,094	78,335
Total equity and liabilities		772,013	750,626

The attached notes on pages 6 to 11 form an integral part of these condensed interim financial information.



Nadia Al-Hajji
Chairperson



Naser Aldousari
President & Chief Executive Officer

The Kuwait Olefins Company K.S.C.C.
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Condensed statement of profit or loss and other comprehensive income
for the six-month period ended 30 June 2025

		US\$ '000	
	<i>Notes</i>	2025	2024
Sales	3	288,373	309,437
Cost of sales		(168,217)	(187,369)
Gross profit		120,156	122,068
General, administrative and selling expenses		(1,955)	(2,184)
Foreign exchange loss		(451)	(8)
Profit from operation		117,750	119,876
Finance income		3,695	2,703
Finance costs		(1,204)	(1,068)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), Zakat and Board of Directors' remuneration		120,241	121,511
Contribution to KFAS		(1,219)	(1,231)
Contribution to Zakat		(701)	(708)
Board of Directors' remuneration		(27)	(27)
Net profit for the period		118,294	119,545
Other comprehensive income		-	-
Total comprehensive income for the period		118,294	119,545

The attached notes on pages 6 to 11 form an integral part of these condensed interim financial information.

The Kuwait Olefins Company K.S.C.C.
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Condensed statement of changes in equity
for the six-month period ended 30 June 2025

	US\$ '000			Total
	Share capital	Statutory reserve	Retained earnings	
Balances as at 1 January 2024	380,417	190,208	80,798	651,423
Net profit for the period	-	-	119,545	119,545
Total comprehensive income	-	-	119,545	119,545
Dividend paid (note 7)	-	-	(125,299)	(125,299)
Balance as at 30 June 2024	<u>380,417</u>	<u>190,208</u>	<u>75,044</u>	<u>645,669</u>
Balances as at 1 January 2025	380,417	190,208	101,666	672,291
Net profit for the period	-	-	118,294	118,294
Total comprehensive income	-	-	118,294	118,294
Dividend paid (note 7)	-	-	(101,666)	(101,666)
Balance as at 30 June 2025	<u>380,417</u>	<u>190,208</u>	<u>118,294</u>	<u>688,919</u>

The attached notes on pages 6 to 11 form an integral part of these condensed interim financial information.

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Condensed statement of cash flows
for the six-month period ended 30 June 2025

		US\$ '000	
	Notes	2025	2024
Cash flows from operating activities			
Net profit for the period		118,294	119,545
<i>Adjustments for:</i>			
Depreciation		26,981	26,734
Amortisation		12,706	12,706
Finance costs		1,204	1,068
Finance income		(3,695)	(2,703)
Provision for KFAS and Zakat		1,920	1,939
		<u>157,410</u>	<u>159,289</u>
<i>Changes in:</i>			
- Inventories		51	681
- Due from related parties		(6,473)	(352)
- Prepayments and other receivables		18	(870)
- Accruals and other liabilities		(5,041)	(6,230)
- Due to related parties		8,038	(1,975)
- Trade payables		1,299	(28)
Net cash from operating activities		<u>155,302</u>	<u>150,515</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,322)	(6,445)
Net movement in notes receivables		(35,130)	(19,080)
Finance income received		3,695	2,703
Net cash used in investing activities		<u>(50,757)</u>	<u>(22,822)</u>
Cash flows from financing activities			
Finance costs paid		(973)	(806)
Payment of lease liabilities		(1,688)	(1,655)
Dividend paid	6	(101,666)	(125,299)
Net cash used in financing activities		<u>(104,327)</u>	<u>(127,760)</u>
Net changes in bank balances		218	(67)
Bank balances as at 1 January		3,470	87
Bank balances as at 30 June		<u>3,688</u>	<u>20</u>

The attached notes on pages 6 to 11 form an integral part of these condensed interim financial information.

The Kuwait Olefins Company K.S.C.C.
State of Kuwait

Notes to the condensed interim financial information
for the six-month period ended 30 June 2025

1. Reporting entity

The Kuwait Olefins Company K.S.C.C. ("the Company") is a Closed Kuwaiti Shareholding Company incorporated in the State of Kuwait on 10 October 2004. The Company is registered in the commercial register under number 103722 dated 10 October 2004.

The Company is owned by DOW Europe Holding B.V. ("DEHBV"), Petrochemical Industries Company K.S.C.C. ("PIC"), Boubyan Petrochemical Company K.S.C. ("BPC") and Kuwait Projects Company (Holding) ("KIPCO").

DEHBV is a subsidiary of The Dow Chemical Company ("TDCC") and PIC is a subsidiary of Kuwait Petroleum Corporation ("KPC").

The Company is engaged in the manufacture and sale of ethylene and ethylene glycol ("EG").

The address of the Company's registered office is Central Ahmadi, Block 12, State of Kuwait.

This condensed interim financial information was authorised for issue by the Chairperson and President & Chief Executive Officer on 6 August 2025.

2. Basis of accounting

a) Statement of compliance

These condensed interim financial information for the six months period ended 30 June 2025 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2024 ("last annual financial statements"). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

b) Use of judgments and estimates

In preparing this condensed interim financial information, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those described in the last annual financial statements.

Notes to the condensed interim financial information
for the six-month period ended 30 June 2025

c) Material accounting policies

The accounting policies applied in this condensed interim financial information are consistent with those used in the preparation of the Company's latest annual financial statements as at and for the year ended 31 December 2024 except for the amendments to IFRS Accounting Standards which are effective from 1 January 2025, but they did not have any material effect on the Company's condensed interim financial information.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 with earlier application permitted. The Company has not early adopted any of the forthcoming new or amended standards in preparing this condensed interim financial information.

3. Related party transactions

In the normal course of business, the Company enters into transactions with its shareholders PIC (wholly owned by Kuwait Petroleum Corporation ("KPC")), BPC, KIPCO, DEHBV and its affiliates.

During 2004, DEHBV and PIC initiated a number of joint venture petrochemical projects ("Olefins II projects") in Kuwait to manufacture polyethylene, ethylene glycol and styrene monomer. The Olefins II projects consists of the EQUATE Petrochemical Company K.S.C.C (EQUATE) expansion project, the incorporation and development of the Company and The Kuwait Styrene Company ("TKSC").

On 2 December 2004, the Company signed a Materials and Utilities Supply Agreement ("MUSA") with EQUATE. Under the terms of the MUSA, the Company contributed reservation right fees to EQUATE that represent 45.32% of the capital construction costs incurred by EQUATE on the new utilities and infrastructure facilities developed and owned by EQUATE. The percentage contribution of reservation right fee is based on the usage percentage of the new utilities and infrastructure facilities by the Company.

On 2 December 2004, the Company signed an Operations, Maintenance and Services Agreement ("OMSA") with EQUATE. Under the terms of the OMSA, the Company receives various services from EQUATE in respect of the Olefins II operations.

On 2 December 2004, the Company signed an Ethylene Supply Agreement with EQUATE and TKSC. Under the terms of the agreement, the price per metric tonne of ethylene is paid by EQUATE and TKSC based on the quantities delivered to them at the contract price.

During 2005, Services Agreements were signed between the Company, DEHBV, PIC and EQUATE for the provision of various services to the Company during the development of the Plant under construction. Since then, the plant has been constructed and it is fully operational.

During 2020, EQUATE acquired a Sea Cooling Tower from PIC. Pursuant to MUSA and other agreements, the Company contributed reservation right fees to EQUATE that represent 68.11% of acquisition costs incurred by EQUATE on the Sea Cooling Tower acquired and owned by EQUATE. The percentage contribution of reservation right fees is based on the usage percentage of Sea Cooling Tower by the Company.

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Operational Facility – Under the cash management services provided by MEGlobal B.V, EQUATE Group entities and TKOC have an overnight cash sweeping facility with MEGlobal B.V. Under this arrangement, the subsidiaries of the EQUATE Group and TKOC sweeps selected bank accounts with MEGlobal B.V. This allows EQUATE Group and TKOC either to invest or borrow funds on an overnight basis. Under the terms of the agreement, EQUATE Group entities and TKOC can borrow or deposit with MEGlobal B.V at interest rate of SOFR plus a positive spread set by the management. The spread is determined taking into consideration the economic factors such as the creditworthiness of counterpart, characteristics of the debt financing arrangement etc. Amounts outstanding as at 30 June 2025 amounted to net assets of US\$ 133,028 thousand (2024: net assets of US\$ 97,898 thousand). These are indefinite arrangements subject to termination by either party of which the interest is accrued monthly.

All transactions with related parties are carried out on a negotiated contract basis. Details of related party transactions and balances are as follows:

	US\$ '000	
	30 June 2025	31 December 2024
		(Audited)
Notes receivables		
Working capital loan to MEGlobal B.V.	133,028	97,898
Due from related parties		
Due from EQUATE	47,546	40,907
Due from PIC	1,451	1,291
Due from TKSC	3,051	3,350
Due from Dow Chemical Company	634	634
Due from Kuwait Paraxylene Production Company K.S.C.C. ("KPPC")	210	237
	52,892	46,419
Due to related parties		
Due to EQUATE	14,987	19,210
Due to KPPC	245	43
Due to KPC	32,533	19,011
Due to Kuwait Oil Company K.S.C. ("KOC")	648	2,111
	48,413	40,375

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Notes to the condensed interim financial information
for the six-month period ended 30 June 2025

	US\$ '000	
	30 June 2025	30 June 2024
Transactions		
Sales		
Sales of EG to EQUATE	228,090	235,776
Sales to EQUATE, KPPC, TKSC and PIC	60,283	73,661
Expenses		
Feed gas purchased from KPC	59,835	69,165
Olefins II plant management fees to EQUATE	1,173	1,237
Tugging fees payments to KOC	4,070	4,234
Operating and utility cost reimbursed to EQUATE for running the Olefins II plant	67,247	77,052
Interest expense on notes payable from MEGlobal B.V.	832	806
Finance income		
Interest income on notes receivable from MEGlobal B.V.	2,520	1,637
Guarantee interest from EQUATE	1,148	1,027

4. Commitments and contingent liabilities

The Company has a fixed gas purchase commitment with a related party of approximately US\$ 332,414 (31 December 2024: US\$ 357,609) per day until the agreement is cancelled in writing by both parties.

On 3 November 2016, the EQUATE Group established a US\$ 4 billion Global Medium Term Note Programme ("GMTN 1") and issued notes amounting to US\$ 2.25 billion ("GMTN 1 Notes") whereby notes amounting to US\$ 1,000 million having term of 5 years have matured in 2022 and notes amounting to US\$ 1,250 million having term of 10 years maturing in November 2026. The payments of all amounts due in respect of GMTN 1 Notes is unconditionally and irrevocably guaranteed, jointly and severally by the Company and EQUATE Group. GMTN 1 Notes are listed on EURONEXT.

In December 2016, the EQUATE Group established a US\$ 2 billion Sukuk programme (Sukuk 1) and issued Sukuk amounting to US\$ 500 million on 21 February 2017 having term of 7 years. During 2024, there was an issue of Sukuk amounting to US\$ 742 million having a term of 7 years, maturing in September 2031. The payments of all amounts due in respect of Sukuk is guaranteed by the Company and is listed on EURONEXT.

In May 2020, the EQUATE Group established a US\$ 4 billion Global Medium Term Note Programme ("GMTN 2") and issued notes amounting to US\$ 1.6 billion ("GMTN 2 Notes") whereby notes amounting to US\$ 1,000 million having term of 5 years matured in 2025 and notes amounting to US\$ 600 million having term of 10 years maturing in 2030. The payments of amounts due in respect of GMTN 2 notes is unconditionally and irrevocably guaranteed, jointly and severally, and not severally, by the Company and EQUATE Group. GMTN 2 notes are listed on EURONEXT.

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for the six-month period ended 30 June 2025

During 2021, the EQUATE Group updated the US\$ 4 billion Global Medium Term Note Programme (“GMTN3”) and issued notes amounting to US\$ 700 million (“GMTN 3 Notes”) with a 7-year tenor maturing in April 2028. The payments of amounts due in respect of GMTN 3 notes is unconditionally and irrevocably guaranteed, jointly and severally, and not severally, by the Company and EQUATE Group. GMTN 3 notes are listed on EURONEXT.

In regard to GMTN 1, GMTN 2 and GMTN 3, the fair value of the guarantee provided by the Company amounts to US\$ 8 million. These are classified as level 2 in fair value hierarchy.

The Company has entered into short term arrangements to obtain the right to use 4,437,648 troy ounces (2024: 2,012,895 troy ounces) of silver with a variety of banks. The title and ownership of the silver rests with banks.

The Company pays lease fees for these arrangements which are expensed over the terms of such arrangements and bears the risk of loss of silver resulting from usage.

The following summarizes the quantity and value of silver outstanding at 30 June 2025 under such arrangements:

	30 June 2025		31 December 2024	
	Qty (TOZ)	Silver Value US\$ '000	Qty (TOZ)	Silver Value US\$ '000
Silver	4,437,648	141,611	2,012,895	61,595
Total	4,437,648	141,611	2,012,895	61,595

In addition to the above, the Company had the following commitments and contingent liabilities outstanding as at 30 June 2025:

	US\$ '000	
	30 June 2025	31 December 2024 (Audited)
Letters of credit and guarantees	10	10
Capital commitments	34,150	7,905

5. Financial instruments - fair value measurement and risk management

Fair value measurement

Financial instruments comprise of financial assets and financial liabilities. Fair values of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity it is assumed that the carrying amounts approximate to their fair value.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Notes to the condensed interim financial information
for the six-month period ended 30 June 2025

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

Financial risk management

All aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2024.

6. Base erosion and profit shifting "BEPS" Pillar Two

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The State of Kuwait, the jurisdiction in which the Company currently operates, has joined the IF.

The State of Kuwait issued Law Number 157 of 2024 on 31 December 2024 (the Law) introducing domestic minimum top-up tax (DMTT) effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations which will be issued within six months from the date of issue of the Law.

The Company is in the process of performing an analysis of its Pillar 2 position for 2025 based on OECD guidelines given it is part of a multinational group which would potentially be in scope of the framework. The Company continues to assess the impact of evolving Pillar 2 tax regulations on its future financial performance.

7. Annual General Assembly

At the Annual General Meeting held on 13 February 2025 and 4 March 2024, the shareholders authorized the Board of Directors to approve and distribute interim dividends pertaining to the net profits for the period ended 31 December 2025 and 2024 respectively.

The following dividends were approved by the Board of Directors and paid by the Company during the period:

	US\$ '000	
	30 June 2025	30 June 2024
Interim dividend for the current period	-	44,500
Outstanding dividend from the prior year	101,666	80,799
Dividend paid during the period	101,666	125,299