

**Orbia Advance Corporation,
S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)**

Consolidated Financial Statements
for the Years Ended December 31,
2025, 2024 and 2023, and
Independent Auditors' Report
Dated February 24, 2026



**Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)**

**Consolidated Financial Statements for the
Years Ended December 31, 2025, 2024 and
2023 and Independent Auditor’s Report**

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Independent Auditors' Report to the Board of Directors and Stockholders of Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries

(Amounts in millions of U.S. dollars)

Opinion

We have audited the consolidated financial statements of Orbia Advance Corporation, S.A.B. de C.V. and subsidiaries (herein referred to as "Orbia" or the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025, 2024 and 2023, and the consolidated statements of profit, the consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audits 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' Code of Ethics for Professional Accountants* (IESBA Code) together with the *Code of Ethics issued by the Mexican Institute of Public Accountants* (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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. We have determined that the matter described below is the key audit matter which should be communicated in our report.

(continued)



Goodwill and Intangible Assets (Notes 4 and 16)

The Group has identified several cash-generating units (CGUs) for which an annual impairment analysis focused on goodwill and indefinite life intangible assets is performed. Accordingly, the Group determines the recoverable amount in accordance with IAS 36, *Impairment of Assets* (IAS 36). Recoverable amount is calculated for all CGUs using Value in Use (VU) except for one CGU whose recoverable amount is calculated using Fair Value Less Cost of Disposal (FVLCD). We considered the annual impairment analysis as key audit matter mainly because, in calculating VU and FVLCD, management is required to make significant judgments and estimates some valuation assumptions including future revenue, cash flows, operating margins, and the selection of an appropriate discount rate as well as to identify comparable current market values and costs of disposal to determine the existence of impairment on its long-lived assets. The assumptions used by Management to determine VU and FVLCD are sensitive to current and foreseeable future market conditions. As of December 31, 2025, the balances of intangible assets and goodwill recognized in the consolidated financial statements are \$1,513 and \$1,384, respectively.

How we addressed the Key Audit Matter:

Our audit procedures included, among others, the following:

- Testing the design and implementation of the Group's internal controls for impairment, including the estimates used.
- Testing the completeness and accuracy of the inputs into the Group's financial models.
- Involving our expert specialists so as to:
 - Perform a risk assessment to classify the valuation risk applicable to each of the cash generating units.
 - Assess the methodologies used by Management to calculate the VU and FVLCD of its cash generating units and ensure its compliance with IAS 36 and perform a technical analysis of the reasonableness of the Company's valuation models used to estimate recoverable amounts.
 - Assess whether the valuation of significant assumptions used, including the discount rate and comparable current market values are reasonable and were determined using recognized sources of information and/or commonly used methodologies.
 - Test the mathematical accuracy of the model and/or other significant calculations.
 - Selectively evaluate the recoverable amount calculation and impairment tests performed by the Company for its cash generating units.
 - Perform an independent analysis to test the sensitivity of significant assumptions.

Other Information

Management is responsible for the other information. The other information comprises i) the Sustainability Information which the Group is required to prepare in accordance with Article 33 Section I, paragraph (a); ii) the information that will be incorporated in the Annual Report which the Group is required to prepare in accordance with Article 33 Section I, paragraph (b) of Title Fourth, Chapter First of the General Rules Applicable to Issuers and Other Stock Market Participants in Mexico and the accompanying Guidelines (the Rules); and iii) certain alternative performance measures presented in Note 10, which is not specifically required by IFRS Accounting Standards as issued by the IASB and has been included to provide additional information for investors and other users of the Company's consolidated financial statements regarding its level of indebtedness, net debt and borrowing costs in relation to its EBITDA. The Sustainability Information, along with the Annual Report are expected to be available for our reading after the date of this audit report.

(continued)



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

In connection with our audit of the consolidated financial statements, our responsibility will be to read the Sustainability Information and Annual Report, when becomes available, 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. When reading the Annual Report, we will issue a declaration on this regard, as required by Article 33 Section I, paragraph b) numeral 1.2. of the Rules. Also, and in connection with our audit of the consolidated financial statements, our responsibility is to recalculate the alternative performance measures not required by IFRS Accounting Standards of accounting, and in doing so, consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the additional information; we would be required to report that fact. As of the date of this report, we have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and reasonable presentation of the accompanying consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, due to fraud or error.

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

The members of the Group's Audit Committee and Board of Directors are responsible for overseeing the Company's financial reporting process.

Independent 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 judgment and maintain professional skepticism throughout the audit. We also:

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



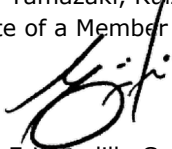
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 and 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit 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.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Affiliate of a Member Firm of Deloitte Touche Tohmatsu Limited



C.P.C. Erik Padilla Curiel

Mexico City, Mexico
February 24, 2026

(Concluded)



Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Financial Position

As of December 31, 2025, 2024 and 2023
(Amounts in millions of U.S. dollars)

Assets	Notes	2025	2024	2023
Current assets:				
Cash and cash equivalents	7	\$ 1,040	\$ 1,009	\$ 1,456
Accounts receivable, net	8	1,566	1,448	1,461
Due from related parties	24	1	-	2
Inventories, net	9	1,080	1,098	1,200
Prepaid and other assets		84	54	50
Derivative financial instruments	11 and 12	<u>1</u>	<u>1</u>	<u>1</u>
Total current assets		3,772	3,610	4,170
Non-current assets:				
Property, plant, and equipment, net	13	3,329	3,271	3,370
Right-of-use assets, net	14	457	431	469
Equity investment in associates		66	76	75
Deferred taxes	26	402	499	174
Net employee benefit plan assets	18	21	38	39
Intangible assets, net	16	1,513	1,597	1,702
Goodwill	16	1,384	1,431	1,447
Other assets		<u>127</u>	<u>104</u>	<u>106</u>
Total non-current assets		<u>7,299</u>	<u>7,447</u>	<u>7,382</u>
Total assets		<u>\$ 11,071</u>	<u>\$ 11,057</u>	<u>\$ 11,552</u>

The accompanying notes are an integral part of these consolidated financial statements.

(Continued)



Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Financial Position

As of December 31, 2025, 2024 and 2023
(Amounts in millions of U.S. dollars)

Liabilities and stockholders' equity

	Notes	2025	2024	2023
Current liabilities:				
Bank loans and current portion of long-term debt	17	\$ 276	\$ 548	\$ 466
Suppliers		845	821	847
Letters of credit	10	393	395	381
Due to related parties	24	1	-	1
Other accounts payable and accrued liabilities		599	529	508
Provisions	19	52	59	34
Employee benefits		193	165	194
Lease liabilities	14	128	111	106
Total current liabilities		<u>2,487</u>	<u>2,628</u>	<u>2,537</u>
Non-current liabilities:				
Bank loans and long-term debt	17	4,543	4,078	4,420
Employee benefits	18	148	130	139
Provisions	19	19	22	31
Other long-term liabilities		60	37	66
Redeemable non-controlling interests	12	321	308	367
Derivative financial instruments	11 and 12	60	155	13
Deferred tax liabilities	26	341	344	359
Lease liabilities	14	369	346	383
Income tax payable	26	78	29	19
Total non-current liabilities		<u>5,939</u>	<u>5,449</u>	<u>5,797</u>
Total liabilities		8,426	8,077	8,334
Stockholders' equity:				
Share capital	22	256	256	256
Additional paid-in capital		1,475	1,475	1,475
Cumulative inflation adjustment		24	24	24
		<u>1,755</u>	<u>1,755</u>	<u>1,755</u>
Earned capital				
(Accumulated losses) retained earnings		(113)	438	604
Redeemable non-controlling interests	12	(241)	(241)	(436)
Share buyback reserve	22	1,325	1,179	1,239
Other comprehensive loss		(591)	(698)	(548)
		<u>380</u>	<u>678</u>	<u>859</u>
Controlling interests		2,135	2,433	2,614
Non-controlling interests	20	510	547	604
Total stockholders' equity		<u>2,645</u>	<u>2,980</u>	<u>3,218</u>
Total liabilities and stockholders' equity		<u>\$ 11,071</u>	<u>\$ 11,057</u>	<u>\$ 11,552</u>

The accompanying notes are an integral part of these consolidated financial statements.

(Concludes)



Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Profit or Loss

For the Years Ended December 31, 2025, 2024 and 2023

(Amounts in millions of U.S. dollars, except for earnings per share amounts expressed in U.S. dollars and shares outstanding)

	Notes	2025	2024	2023
Continuing operations:				
Net sales	29	\$ 7,619	\$ 7,506	\$ 8,204
Cost of sales	25	<u>5,993</u>	<u>5,758</u>	<u>6,032</u>
Gross profit		1,626	1,748	2,172
Selling and development expenses	25	592	603	622
Administrative expenses	25	639	642	681
Other (income) expenses, net	25	21	67	20
Foreign exchange loss, net		16	15	65
Interest expense		395	396	389
Interest income		(55)	(72)	(93)
Change in measurement of redeemable non-controlling interests	12	17	(10)	(6)
Monetary position loss	28	4	11	11
Share of (loss) profit in associates		(6)	-	(2)
Loss on sale of a business, net	15	<u>71</u>	<u>-</u>	<u>-</u>
(Loss) profit before income tax		(68)	96	485
Income tax (benefit) expense	26	<u>291</u>	<u>(127)</u>	<u>329</u>
Consolidated net (loss) profit for the year		<u>\$ (359)</u>	<u>\$ 223</u>	<u>\$ 156</u>
Consolidated net (loss) profit for the year attributable to:				
Equity holders of the parent		\$ (457)	\$ 145	\$ 65
Non-controlling interest	20	<u>98</u>	<u>78</u>	<u>91</u>
Total net consolidated (loss) profit		<u>\$ (359)</u>	<u>\$ 223</u>	<u>\$ 156</u>
Basic and diluted earnings per share	21	<u>\$ (0.24)</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>
Weighted average ordinary shares outstanding		<u>1,911,883,328</u>	<u>1,909,750,864</u>	<u>1,911,707,721</u>

The accompanying notes are an integral part of these consolidated financial statements.



Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Other Comprehensive (Loss) Income

For the Years Ended December 31, 2025, 2024 and 2023
(Amounts in millions of U.S. dollars)

	Notes	2025	2024	2023
Net consolidated (loss) profit		\$ (359)	\$ 223	\$ 156
Other comprehensive (loss) income:				
Items that will not be subsequently reclassified to profit or loss:				
Actuarial (loss) gains	18	(6)	(1)	3
Income tax expense		<u>-</u>	<u>-</u>	<u>(1)</u>
		(6)	(1)	2
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation		66	(104)	59
Unrealized gain (loss) on valuation of financial instruments		38	(53)	9
Income tax benefit		<u>7</u>	<u>13</u>	<u>-</u>
		<u>111</u>	<u>(144)</u>	<u>68</u>
Total other comprehensive (loss) income		<u>105</u>	<u>(145)</u>	<u>70</u>
Consolidated comprehensive (loss) income for the year		<u>\$ (254)</u>	<u>\$ 78</u>	<u>\$ 226</u>
Consolidated comprehensive (loss) income attributable to:				
Equity holders of the parent		\$ (349)	\$ (5)	\$ 143
Non-controlling interests		<u>95</u>	<u>83</u>	<u>83</u>
Consolidated comprehensive (loss) income for the year		<u>\$ (254)</u>	<u>\$ 78</u>	<u>\$ 226</u>

The accompanying notes are an integral part of these consolidated financial statements.



Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2025, 2024 and 2023

(Amounts in millions of U.S. dollars)

	Contributed capital			Retained earnings			Other comprehensive income/(loss)			Controlling interests	Non-controlling interests	Total equity
	Nominal share capital	Share premium	Cumulative inflation adjustment	Legal reserve	Retained earnings	Redeemable non-controlling interests	Share buyback reserve	Foreign currency translation loss and actuarial gains and losses	Unrealized (loss)/gain on valuation of financial instruments			
Balance as of January 1, 2023	\$ 256	\$ 1,475	\$ 24	\$ 51	\$ 830	\$ (436)	\$ 1,090	\$ (714)	\$ 92	\$ 2,668	\$ 655	\$ 3,323
Dividends declared	-	-	-	-	(240)	-	-	-	-	(240)	-	(240)
Share buybacks	-	-	-	-	4	-	14	(4)	-	14	-	14
Increase in share buyback reserve	-	-	-	-	(125)	-	125	-	-	-	-	-
Distribution of capital to non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	-	(134)	(134)
Share-based payments	-	-	-	-	19	-	10	-	-	29	-	29
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	69	9	78	(8)	70
Net profit for the year	-	-	-	-	65	-	-	-	-	65	91	156
Balance as of December 31, 2023	256	1,475	24	51	553	(436)	1,239	(649)	101	2,614	604	3,218
Dividends declared	-	-	-	-	(160)	-	-	-	-	(160)	-	(160)
Share buybacks	-	-	-	-	5	-	11	-	-	16	-	16
Decrease in share buyback reserve	-	-	-	-	71	-	(71)	-	-	-	-	-
Distribution of capital to non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	-	(138)	(138)
Share-based payments	-	-	-	-	(30)	-	-	-	-	(30)	-	(30)
Other comprehensive (loss) income for the year	-	-	-	-	-	-	-	(110)	(40)	(150)	5	(145)
Net profit for the year	-	-	-	-	145	-	-	-	-	145	78	223
Divestitures	-	-	-	-	(197)	195	-	-	-	(2)	(2)	(4)
Balance as of December 31, 2024	256	1,475	24	51	387	(241)	1,179	(759)	61	2,433	547	2,980
Share buybacks	-	-	-	-	(2)	-	2	-	-	-	-	-
Increase in share buyback reserve	-	-	-	-	(125)	-	125	-	-	-	-	-
Distribution of capital to non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	-	(132)	(132)
Share-based payments	-	-	-	-	26	-	18	-	-	44	-	44
Other comprehensive (loss) income for the year	-	-	-	-	-	-	1	62	45	108	(3)	105
Net profit for the year	-	-	-	-	(457)	-	-	-	-	(457)	98	(359)
Divestitures	-	-	-	-	7	-	-	-	-	7	-	7
Balance as of December 31, 2025	\$ 256	\$ 1,475	\$ 24	\$ 51	\$ (164)	\$ (241)	\$ 1,325	\$ (697)	\$ 106	\$ 2,135	\$ 510	\$ 2,645

The accompanying notes are part of these consolidated financial statements.



Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2025, 2024 and 2023

(Amounts in millions of U.S. dollars)

	2025	2024	2023
Operating activities:			
Consolidated net (loss) profit for the year	\$ (359)	\$ 223	\$ 156
Adjustments for:			
Income tax (benefit) expense	291	(127)	329
Employee benefit cost	8	8	11
Depreciation and amortization	649	659	610
(Gain) on sale of fixed assets	(15)	(5)	(7)
Loss on sale of a business, net	71	-	-
Unrealized foreign exchange loss, (gain), net	96	(132)	51
Impairment of assets	-	-	8
Change in fair value of redeemable non-controlling interests	17	(10)	(6)
Changes in provisions	(13)	(12)	10
Share of profit of associates	(6)	-	(2)
Interest income	(55)	(72)	(93)
Interest expense	395	396	389
Net Cash Flow generated from operating activities before changes in working capital	1,079	928	1,456
Working capital adjustments:			
(Increase)/decrease in:			
Trade receivables	(49)	(28)	139
Inventories	91	47	115
Other assets	(136)	(162)	251
Increase (decrease) in:			
Suppliers	(19)	27	(145)
Related parties	-	1	(1)
Other liabilities	(19)	72	(140)
Interest received	55	72	93
Income tax paid	(162)	(176)	(371)
Net cash flows from operating activities	840	781	1,397
Investing activities:			
Purchase of property, plant, and equipment	(385)	(405)	(589)
Investments in other assets and intangible assets	(20)	(67)	(95)
Sale of fixed assets	35	37	10
Divestments of a business	51	-	-
Acquisition of equity investment in associates	(2)	(11)	(14)
Acquisition of subsidiaries, net of cash acquired	-	(1)	(8)
Net cash flows used in investing activities	(321)	(447)	(696)

(continued)



	2025	2024	2023
Financing activities:			
Proceeds from loans obtained	1,541	300	797
Repayment of loans	(1,495)	(355)	(729)
Interest paid	(308)	(287)	(388)
Lease payments	(130)	(105)	(91)
Dividends paid	-	(160)	(240)
Distribution to non-controlling interests in subsidiaries	(132)	(138)	(134)
Share buybacks	<u>2</u>	<u>5</u>	<u>8</u>
Net cash flows (used in) financing activities	(522)	(740)	(777)
Adjustment for effects of foreign exchange differences on Cash and cash equivalents	<u>34</u>	<u>(41)</u>	<u>(14)</u>
Net increase (decrease) in cash and cash equivalents	31	(447)	(90)
Cash and cash equivalents at beginning of year	<u>1,009</u>	<u>1,456</u>	<u>1,546</u>
Cash and cash equivalents at the end of year	<u>\$ 1,040</u>	<u>\$ 1,009</u>	<u>\$ 1,456</u>

(Concludes)

The accompanying notes are an integral part of these consolidated financial statements.



Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2025, 2024 and 2023

(Amounts in millions of U.S. dollars)

1. General Information

Orbia Advance Corporation, S.A.B. de C.V. and subsidiaries (the Company, the Group, or Orbia) is a company driven by a shared purpose: to advance life around the world. Orbia operates in the Polymer Solutions (Vestolit and Alphagary), Building and Infrastructure (Wavin), Precision Agriculture (Netafim), Connectivity Solutions (Dura-Line) and Fluor & Energy Materials (Koura) operating segments. The five Orbia business groups have a collective focus on expanding access to health and well-being, reinventing the future of cities and homes, ensuring food, water and sanitation security, connecting communities to information and enabling the energy transition with basic and advanced materials, specialty products and innovative solutions. Orbia has a global team of over 23,000 employees, commercial activities in more than 100 countries and operations in over 50, with global headquarters in Boston, Mexico City, Amsterdam and Tel Aviv.

Orbia's registered office is located at Paseo de la Reforma No. 483 Piso 47, Cuauhtémoc, 06500 Mexico City.

2. Significant Events

2025

Wavin India Pipes and Fittings Divestiture: On July 31, 2025, Orbia's Building and Infrastructure ("B&I") business group completed the sale of Orbia's pipes and fittings business in India ("Wavin India") which also included the licensing of B&I's leading water management technologies (the "License Agreement") to Supreme Industries Ltd. ("Supreme"). This transaction creates a long-term partnership where Supreme will exclusively license B&I's leading water management technologies, addressing India's water challenges.

Orbia received \$33 million cash consideration in 2025. Orbia divested net assets of \$100 million, including \$32 million of intangible assets and \$53 million of goodwill that were originally recorded upon the acquisition of Vectus in 2022, Orbia recognized a \$75 million loss on sale, which was recorded within Loss on sale of a business, net.

Pursuant to the License Agreement, Orbia will receive approximately \$17 million in license fees over seven years, in addition to a one-time payment of \$5 million for newly developed technology. Orbia will also receive royalties on products using licensed technologies sold by Supreme. Income associated with the annual license fees will be recorded over the seven-year license term.

Issuance of Long-term Notes: On April 11, 2025 Orbia completed its third and fourth offering of long-term notes (*certificados bursátiles*) in Mexico. The Company issued 3.0 billion Mexican Pesos (MXN) due on March 30, 2035, accruing interest at a fixed annual rate of 11.73% and 3.2 billion MXN due on April 7, 2028, accruing interest at a variable rate of THIE (interbank rate) + 95 basis points. The proceeds were used to repay the 2022 2.3 billion MXN and 2023 2.1 billion MXN notes, which were due in December, 2025.

Bond Issuance: On May 13, 2025, Orbia completed the bond issuance and placements of its 6.800% and 7.500% Senior Notes due 2030 and 2035 for a total amount of \$1.1 billion. The proceeds were used to extinguish \$600 million through early repayment of the 1.875% Senior Notes due 2026 and repayment of its indebtedness, including all of the outstanding 4.000% senior notes due 2027 of \$500 million.



2024

Divestiture: On June 30, 2024, Orbia completed the divestiture of the Vectus Tanks & Households (“TBH”) and Sunrise & Gangotri products business, where Orbia acquired the remaining (33%) portion of the Vectus Pipes and Fittings business. The transaction resulted in a net cash outflow of \$12 million. Additionally, the Vectus put option was extinguished and removed from the balance sheet as discussed in Note 12. The completion of these transactions had no impact on pre-tax income or loss. The remaining portion of the business was subsequently sold in July 2025.

New Revolving Credit Facility: In April 2024, the Company entered into a new \$1.4 billion revolving credit facility with a 5-year maturity. The new facility was used to refinance and replace the existing revolving credit facility signed in 2019 as discussed in Note 17.

2023

Rebranding: In December 2023, the Company’s business group formerly known as Fluorinated Solutions was rebranded to Fluor & Energy Materials. It will continue to use the commercial brand Koura.

Joint Venture: In November 2023, the Company’s Fluor & Energy Materials business signed a joint venture agreement with Syensqo (formerly Solvay) to create the largest polyvinylidene fluoride (PVDF) production facilities for battery materials in the North America region with production expected to begin after 2030.

Issuance of Sustainability Linked Notes: In August 2023, the Company issued an additional 2.1 billion MXN and 7.9 billion MXN under the same terms as the first and second offering of short and long-term notes (*certificados bursátiles*) with “sustainability-linked bond” features that were issued in 2022. The 2022 offerings were made under the revolving short and long-term shelf registration program implemented by Orbia and authorized by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or CNBV) in November 2022. The first offering under the first issuance was for an amount of 2.34 billion MXN due on December 4, 2025 and repaid in April 2025 along with the 2023 second issuance of 2.1 billion MXN with the same terms, accruing interest at a variable rate of 28-day TIIE (interbank rate) + 40 basis points. The second offering was for an amount of 7.66 billion MXN due on November 25, 2032, accruing interest at a fixed annual rate of 10.63%.

3. Adoption of New and Revised Accounting Standards

New and amended Accounting Standards that are Effective for the Current Year

In the current year, Orbia, has applied amendment to IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods beginning on January 1, 2025.

The adoption of this amendment did not have a material impact on the amounts reported in the Company’s financial statements or related disclosures unless otherwise noted.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

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



The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- A spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- The first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

The adoption did not have an effect on the Company's consolidated financial statements.

New and Revised IFRS Accounting Standards Issued but Not Yet Effective

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

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss.
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.
- Improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Company is assessing the impact of adoption through an established task force to assess the impact that these amendments will have on its consolidated financial statements. Preliminary findings anticipate presentation of foreign exchange gain and losses will result in a change, and the Company is assessing the materiality to the financial statements.



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

The IASB issued amendments to IFRS 9 and IFRS 7 which:

- Clarifies that a financial liability is derecognized on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- Clarifies how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- Clarifies the treatment of non-recourse assets and contractually linked instruments.
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight.

The adoption of these amendments will not have an impact on the consolidated financial statements.

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

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

- The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
 - To designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
 - To measure the hedged item using the same volume assumptions as those used for the hedging instrument.

Additionally, IFRS 7 was amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted. The amendments to the own use exemption are required to be applied retrospectively in accordance with IAS 8 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The adoption of these amendments will not have a material impact on the consolidated financial statements.

Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency

The amendments to IAS 21 provide guidance for translating a company’s financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. This is applicable when a company presents its financial statements in a hyperinflationary currency but has:

- A non-hyperinflationary functional currency; or



- A hyperinflationary functional currency and a foreign operation with a non-hyperinflationary functional currency.

The amendments clarify that:

- A company with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its presentation currency; and
- A company uses the closing rate at the latest reporting date when translating all amounts (except comparatives) of a foreign operation with a non-hyperinflationary functional currency and applies the general price index to restate the comparatives.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2027, with earlier application permitted.

The adoption of these amendments will not have an impact on its consolidated financial statements as Orbia does not present its consolidated financial statements in a hyperinflationary currency.

4. Material Accounting Policies

Basis of accounting: The consolidated financial statements of Orbia have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. In estimating the fair value of an asset or a liability, Orbia takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Going concern: The Company's management has at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The consolidated financial statements have been prepared by management assuming that the Company will continue as a going concern.

Basis of consolidation: The consolidated financial statements include the financial statements of all entities over which the Company directly or indirectly has control (its subsidiaries). Orbia has determined that it controls an investee when it has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, or has the ability to affect those returns through its power over them.

In cases when Orbia does not fully own a subsidiary, the non-controlling interest is recognized separately from Orbia's equity on its Consolidated Statements of Financial Position. The Company values the non-controlling interest at the time of acquiring control of the subsidiary at its proportionate share of the fair value of the identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Profit or loss and each component of other comprehensive income are attributed separately to the Company and the non-controlling interests in the consolidated financial statements.



Investments in entities in which the Company holds between 20% and 50% of the voting shares, or over which it otherwise has significant influence, are accounted for using the equity method under IAS 28 *Investments in Associates and Joint Ventures*. The Company's accounting policy for investment in associates is included later in this Note.

In the event the Company loses control of a subsidiary, the subsidiary is deconsolidated, and a gain or loss on disposal is recognized in the Consolidated Statement of Profits which is calculated as the difference between the aggregate of the fair value of the consideration received plus the fair value of any retained interest, minus the previous carrying amount of the net assets of the subsidiary including goodwill and non-controlling interest. The Company has not lost control of a subsidiary in any of the periods presented.

All intercompany transactions between the Company and its subsidiaries, and between subsidiaries, are eliminated in consolidation.

Recognition of the effects of inflation: The Company recognizes the effect of inflation for its entities that operate in highly inflationary economies. An economy is deemed to be hyperinflationary when inflation over the preceding three years exceeds 100%. The Company adjusts its financial statements for the impact of inflation in these economies in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* using a general price index. The Company recognized the effects of inflation on its operations in Venezuela, Argentina and Turkey. Refer to Note 28 for further detail.

Foreign currency transactions: The Company's financial statements are presented in U.S. dollars (USD). The functional currency of a subsidiary is the local currency of that respective entity. For subsidiaries not operating in hyperinflationary economies, the subsidiary's results, financial position, and cash flows that do not have USD as their functional currency are translated using the following exchange rates:

- Monthly average exchange rates for income and expense items.
- The closing exchange rate in effect at the date of the Statement of Financial Position for assets and liabilities, and
- historical exchange rates for equity balances.

Goodwill and fair value adjustments arising from identifiable acquired assets and assumed liabilities from the acquisition of a foreign subsidiary are translated at the closing exchange rate in effect at the date of the Statement of Financial Position as assets and liabilities of the foreign subsidiary. Foreign exchange gains and losses are recognized in Other Comprehensive Income. Exchange rate differences resulting from financial instruments that are initially recognized in Other Comprehensive Income are reclassified to profit or loss when that instrument is partially or fully sold. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Cash and cash equivalents: Cash and cash equivalents primarily consist of cash on hand, bank deposits available for operations and other and highly liquid, short-term investments with a maturity of three months or less that are easily convertible into cash.

Inventories: Inventories are valued at the lower of cost or net realizable value. Costs, including direct materials and a portion of fixed and variable overhead expenses incurred in bringing the inventories to their present location and condition, are valued using the average cost method. Net realizable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Business combinations: Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition date fair values of the assets transferred by the Company plus liabilities due to the former owners of the acquiree and any equity interest issued by the Company in exchange for control of the acquiree. Acquisition related costs are recognized in Other (income) expenses, net in the Consolidated Statements of Profit as incurred.



At the acquisition date, the identifiable assets acquired, and the liabilities assumed are generally recognized at their fair value except for deferred tax assets or liabilities recognized under IAS 12 *Income Taxes*, employee benefit arrangements recognized under IAS 19 *Employee Benefits*, or certain share-based payment arrangements measured in accordance with IFRS 2 *Share Based Payments*.

The excess of the fair value of the total consideration transferred over the fair value of the identifiable acquired assets and assumed liabilities is recognized as goodwill.

When applicable, contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in the business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments, which are adjustments arising from additional information obtained within one year from the date of acquisition, are adjusted retrospectively with corresponding adjustments to goodwill. Subsequent changes in the fair value of contingent consideration that do not qualify as measurement period adjustments for contingent consideration that is classified as equity are not remeasured at subsequent reporting dates and subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Orbia reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date, that, if known, would have affected the amounts recognized as of that date.

Property, plant, and equipment: Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment loss. Borrowing costs that can be allocated directly to the acquisition, construction or installation of a qualifying asset, are capitalized and included in the cost of acquisition.

Construction in process is measured at cost, net of accumulated impairment losses, if any. Costs may include professional fees and, for qualifying assets, borrowing costs that are capitalized. Depreciation commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of any replaced parts are derecognized. Repairs and maintenance are recognized in the Consolidated Statements of Profit as incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Depreciation is recognized to write-off the cost or value of assets (other than land or assets under construction) on a straight-line basis over the estimated useful life of the individual asset to its residual value. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following table reflects the estimated useful life by major categories for property, plant and equipment for the periods presented:

	Years
Buildings and structures	30
Machinery and equipment	10-20
Office furniture and equipment	3-10
Transportation equipment	5-25



Property, plant and equipment is assessed for impairment whenever there is an indication that the carrying amount of the asset may not be recoverable.

Gains and losses on disposals of assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in Other (income) expenses, net within the Consolidated Statements of Profit.

Leases: The Company evaluates whether a contract is or contains a lease agreement at inception of a contract. A lease is defined as an agreement or part of an agreement that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes an asset for the right-of-use asset and a corresponding lease liability for all lease agreements in which it acts as lessee, except in the case of short-term leases (defined as leases with a lease term of 12 months or less) and certain leases of low value assets (such as small items of office furniture and equipment including telephones and computers). For these leases, the Company recognizes the rent payments as operating expense using the straight-line method over the lease term.

Additionally, variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. Variable lease payments are recognized as operating expenses in profit or loss in the period in which the event or condition that triggers those payments occurs.

The right-of-use asset comprises all lease payments discounted at present value, the direct costs to obtain a lease, any advance lease payments and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset over the shorter of the lease term or the useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Company or the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins on the lease commencement date.

The lease liability is initially measured at the present value of the future minimum lease payments that are not paid at that date, using a discount rate that reflects the cost of obtaining funds for an amount similar to the value of the lease payments, for the acquisition of the underlying asset, in the same currency and for a similar period to the corresponding contract (incremental borrowing rate).

To determine the lease term, the Company considers the non-cancellable period, including the probability to exercise any right to extend and/or terminate the lease. Subsequently, the lease liability carrying amount is increased to reflect interest on the lease liability using the effective interest method and is reduced to reflect lease payments made.

When there is a modification in future lease payments resulting from changes in an index or a rate used to determine those payments, the Company remeasures the lease liability when the adjustment to the lease payments takes effect, without reassessing the discount rate. However, if the modifications are related to the lease term or exercising a purchase option, the Company reassesses the discount rate during the liability's remeasurement. Any increase or decrease in the value of the lease liability subsequent to this remeasurement is recognized as an adjustment to the right-of-use asset to the same extent.

The lease liability is derecognized when the Company fulfills all lease payments. When the Company determines that it is probable that it will exercise an early termination of the contract that leads to a cash disbursement, such disbursement is accounted as part of the liability's remeasurement mentioned in the previous paragraph; however, in cases in which the early termination does not involve a cash disbursement, the Company cancels the lease liability and the corresponding right-of-use asset, recognizing the difference immediately in the consolidated statement of income.

For contracts that contain both lease and non-lease components, the Company has elected the practical expedient permitted under IFRS 16 to combine lease and associated non-lease components as a single arrangement for leases of buildings, machinery and equipment, and automotive equipment. For all other leases, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone selling price and the aggregate stand-alone selling price of the non-lease components.



The Company periodically assesses right-of-use assets for impairment in accordance with IAS 36 *Impairment of Assets* and recognizes any impairment loss identified in earnings for the amount by which the carrying amount of the asset exceeds its recoverable amount.

Obligations for costs to dismantle and remove leased assets, restore sites on which the leased assets are located or to restore the underlying asset to the condition required by the terms of the lease agreement, require the Company to recognize a provision under the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Costs of disposal are included in the related right-of-use asset, provided they are not incurred to produce inventories.

Equity investment in associates: An associate is an entity over which the Company has significant influence but not control. Generally, an investor must hold between 20% to 50% of the voting rights in an investee for it to be an associate. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investment in associates includes goodwill identified at acquisition, net of any accumulated impairment loss.

The Company's share of profits or losses of associates, post-acquisition, is recognized in Share of profit in associates in the Consolidated Statements of Profit and its share of other comprehensive income of associates is recognized as other comprehensive income. When the Company's share of losses in an associate is equal to or exceeds its equity in the associate, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

If the equity in an associate is reduced but significant influence is maintained, only a portion of the amounts recognized in comprehensive income are reclassified to income for the year, where appropriate.

The Company assesses at each reporting date whether there is objective evidence indicating the investment in the associate is impaired. If so, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and the carrying value and records it in earnings. Any impairment loss recognized is reflected in the carrying value of the investment. A reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the Consolidated Statements of Profit in which the investment is acquired.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's equity in such gains. Unrealized losses are also eliminated unless the asset transferred is impaired. When the Company ceases to have significant influence over an associate, any difference between the fair value of the remaining investment, including any consideration received from the partial disposal of the investment, and the book value of the investment, is recognized in the Consolidated Statements of Profit.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. The Company had no such transactions in any of the periods presented.

The Company had total investments in associates of \$66 million, \$76 million and \$75 million as of December 31, 2025, 2024 and 2023, respectively, and the Company's share of (loss) profits of associates across its equity investments was \$(6) million, less than \$1 million and \$2 million, respectively during these periods primarily related to investments in Switzerland, United States of America and Germany.

Intangible assets: The Company recognizes intangible assets when they are identifiable, give rise to a future economic benefit, and the Company has control over such benefits. Intangible assets consist of non-compete agreements, trademarks, intellectual property, customer portfolios and certain software related costs. The Company capitalizes software licenses and related development costs directly related to the design and testing of identifiable software products controlled by the Company. Such licenses include hosted software when Orbia has the contractual right to take possession of the software during the hosting period without significant penalty and it is feasible for the Company to run the software on its own hardware or to contract with another party unrelated to the supplier to host the software. Software maintenance costs are expensed as incurred.



Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives and are evaluated for potential impairment whenever facts and circumstances indicate that their carrying value may not be fully recoverable. Intangible assets with indefinite useful lives are not amortized and instead are subject to impairment assessment at least annually and whenever there is an indication that the asset may be impaired. The estimated useful lives, residual values and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible assets acquired in a business combination are recognized separately from goodwill and recognized initially at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are recognized at cost less accumulated amortization and accumulated impairment losses, consistent with the accounting treatment of intangible assets with finite useful lives.

Goodwill: Goodwill is calculated as the excess of the fair value of the total purchase consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in a business combination.

Goodwill is not amortized but is subject to impairment testing annually, or more frequently when there is an indication of potential impairment. Goodwill is allocated to cash generating units (CGUs). A CGU or a group of CGUs is considered impaired when its carrying amount exceeds its estimated recoverable amount, which is defined as the higher of its fair value less costs of disposal and its value in use.

The amount of the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit on a pro-rata basis based on the relative carrying amount of each asset in the CGU. Goodwill impairment charges are directly recognized in profit or loss. An impairment loss recognized for goodwill cannot be reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of tangible and intangible assets other than goodwill: At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to assess for potential indicators of impairment. If the Company determines such indicators exist, the recoverable amount of the impacted asset(s) is estimated to determine the extent of the impairment loss (if any).

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

For assets that do not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount of assets is deemed to be the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount with the corresponding impairment loss recognized the Consolidated Statements of Profit.

If applicable, when an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, in such a way that the adjusted carrying amount does not exceed the carrying amount that would have been determined if an impairment loss had not been recognized for that asset or CGU in previous years. The reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years.

Financial instruments: Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities measured at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in the Consolidated Statements of Profit.



Financial assets: Purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Company subsequently classifies and measures its financial assets based on the business model used to manage such assets and the characteristics of the related cash flows. As such these are measured at either amortized cost, at fair value with changes recognized in other comprehensive income, or at fair value with changes recognized in profit or loss.

The designation of each of these is described further below.

Financial assets measured subsequently at amortized cost:

Financial assets measured at amortized costs are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and for which 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 amount of outstanding principal.

Such assets are subsequently measured using the effective interest method and are subject to impairment review potential indicators of impairment are present. Gains and losses are recognized in profit or loss only when the asset is derecognized, modified, or impaired.

The Company's financial assets measured at amortized cost include trade and other accounts receivable.

Financial assets measured subsequently at fair value through other comprehensive income:

Financial assets that are measured subsequently at fair value through other comprehensive income include those that are held within a business model whose objective is achieved by collecting contractual cash flows and / or selling the financial assets for which 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 amount of outstanding principal.

For these assets, interest income, foreign exchange reevaluation and impairment losses or reversals are recognized in the Consolidated Statements of Profit and calculated in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is reclassified to profit and loss.

Financial assets measured subsequently at fair value through profit and loss:

All other financial assets that do not meet the criteria for subsequent measurement at amortized cost or at fair value through other comprehensive income are measured at fair value through profit and loss. However, upon initial recognition, the Company can elect the following irrevocable classifications:

- Recognize its equity investments as equity instruments designated at fair value through other comprehensive income provided such investments meet the definition of equity under IAS 32 *Financial Instruments* meaning the investment is not held for trading purposes.
- Assign a debt instrument to be measured at fair value in profit or loss, if as a result it eliminates or significantly reduces an accounting mismatch that would arise from the measurement of assets or liabilities or the recognition of profits and losses on a different basis.

As of December 31, 2025, 2024 and 2023, the Company has not made any of the irrevocable designations described above.



Impairment of financial assets:

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

For trade receivables, the expected credit losses are estimated based on the Company'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 forecasted conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. In assessing credit risk, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is readily available.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when the debtor has not fulfilled its financial agreements; or internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any collateral held by the Company.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are typically over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss in the Company's Consolidated Statements of Profit.

Derecognition of financial assets:

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognizes its retained interest in the asset and the related liability. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

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

Financial liabilities and equity: Debt and equity instruments are classified as financial liabilities or equity according to the content of the contractual agreements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.



The repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortized cost:

After initial recognition, interest-bearing loans and trade and other payables, are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Financial liabilities at fair value through profit or loss:

Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9 *Financial Instruments* (IFRS 9). Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Changes in fair value, as well as interest or dividend expense, as applicable are recorded in profit and loss.

Derecognition of financial liabilities:

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments: The Company uses derivative financial instruments, such as forward currency contracts, exchange rate swaps, interest rate swaps, put and call options, cross-currency and principal only swaps to hedge its exposure to foreign currency risk, interest rate risk, financing and acquisitions of its projects.

The Company's derivative financial instruments and related impacts to the Company's consolidated financial statements are disclosed in more detail in Note 12.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. For purposes of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments. The Company holds exchange rate and interest rate swaps under this classification.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction or the foreign currency risk in an unrecognized firm commitment. The Company holds forward contracts and put and call options under this classification.
- Hedges of a net investment in a foreign business. The Company holds net investment hedges for its investments in euro denominated entities.



Hedge accounting:

At the inception of the hedge relationship, the Company designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements in accordance with IFRS 9. Additionally, on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item.

Hedges that meet the qualifying criteria as set forth in IFRS 9 are accounted for as described below:

Cash flow hedges:

The Company recognizes all derivative assets and liabilities at fair value in the Consolidated Statement of Financial Position. The fair value of these derivatives is determined based on corroborated observable market data, and in certain cases through the use of unobservable inputs used in valuation techniques, that provide a reasonable basis for determining the related fair value.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statements of Profit in the interest expense line.

Amounts previously recognized in Other Comprehensive Income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in Other Comprehensive Income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting when the hedging instrument expires, is sold, terminated, or exercised, or when the hedging relationship ceases to meet the qualifying criteria. Any gain or loss recognized in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately to profit or loss in the interest expense line.

Fair value hedges:

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are immediately recognized in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the Consolidated Statements of Profit.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or ceases to meet the qualifying criteria for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve will be reclassified to profit or loss on the disposal or partial disposal of the foreign operation and mapped to the interest expense line.



Hedges of net investments in foreign operations:

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income as part of foreign currency translation reserve. Any gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the Other (income) expense, net in the Consolidated Statements of Profit.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Letters of Credit and Reverse Factoring: The Company is party to a reverse factoring operation with financial institutions to facilitate administrative procedures for suppliers to advance payment related to the routine raw material purchases of the Company. The Company will direct the financial institution to pay the supplier in advance in exchange for a discount when agreed between the bank and the supplier. The Company will subsequently repay the financial institution. This operation does not change the amounts, nature and timing of the liability except extended payment terms from 30 to 60 days up to 180 days. These transactions are presented as Letters of credit on the Statements of Financial Position and operating activities in the Consolidated Statement of Cash Flows. The carrying amount of Letters of credit was \$393 million, \$395 million, and \$381 million as of December 31, 2025, 2024 and 2023 recorded on the Consolidated Statements of Financial Position.

Supplier Financing Arrangements: Beginning in 2025, the Company also participates in supplier financing arrangements where payment for trade payables associated with inventory purchases of raw material for certain vendors within the program are remitted through a financial institution. These arrangements allow suppliers to obtain earlier payment in exchange for a discount as agreed upon between the financial institutions and suppliers and assist suppliers in obtaining affordable credit. There is no change in the payment terms and the Company pays the financial institutions the total nominal amount of the original obligation on the original payment date. Therefore, these transactions do not change the amounts, nature and timing of the liabilities (including terms, prices and conditions previously agreed upon) and do not affect the Company with the financial charges charged by financial institutions. Additionally, payments made by the Company are directly related to supplier invoices and net cash outflows related to these invoices are not modified by the supplier financing arrangement. The Company considers the liabilities arising under this program as part of the working capital used in its principal revenue principal revenue-generating activities consistent with the trade payables directly with other suppliers. As of December 31, 2025, the Company had liabilities of \$13 million related to these supplier financing arrangements. These transactions are presented within the Suppliers line item on the Consolidated Statements of Financial Position and within operating activities in the Consolidated Statements of Cash Flows.

Provisions: Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities recognized in a business combination are initially measured at fair value at the acquisition date.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, such reimbursement is recognized as a separate asset. The company records a receivable if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the Consolidated Statements of Profit net of any reimbursement.



Restructuring provisions: A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by either starting to implement the plan or announcing its main features to those affected by it. The Company does not include costs associated with its ongoing activities in its restructuring provisions.

Short-term employee benefits: Short-term employee benefits are those that are expected to be settled within 12 months after the end of the annual reporting period and include wages and salaries, paid time off, sick leave, employee profit sharing, incentives, and other benefits to existing employees earned in the period. Short-term employee benefits are recorded on an undiscounted basis.

Share buy-back reserve: Purchases and sales of the Company's shares are recognized directly in the share buyback reserve at their acquisition cost. No gain or loss is recognized in the consolidated statements of profit as a result of the subsequent sale of reserve shares, as these transactions represent transfers within equity. Any difference between the acquisition cost and the price in which the Company subsequently sells the shares is recognized within equity, specifically in retained earnings.

Taxes: Income tax expense consists of current and deferred tax. The Company accounting policies for each category is discussed further below.

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxing authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- For taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- For deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.



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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee benefits: The Company offers various benefit plans to its employees as described further below.

Defined Contribution Plans:

Direct benefit costs and payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined Benefit Plans:

The Company's defined benefit plans specify the amount of the pension an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit costs are split into three categories:

- Service costs, which include current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Remeasurements.

For defined benefit plans, seniority premiums and termination benefits, the cost of providing benefits is determined using the projected unit credit method, based on actuarial valuations performed at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, and the return on plan assets, excluding interest, are recognized immediately in the Consolidated Statements of Financial Position with a charge or benefit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Past service cost is recognized in profit or loss when a plan amendment or curtailment occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The Company recognizes service costs in either Cost of sales, Selling and development expenses, or Administrative expenses depending on the employee's main function, and net interest expense or income is recognized in Interest expense or Interest income as applicable in the Consolidated Statements of Profit. Gains and losses from curtailments are recognized as part of past service costs.



The net retirement benefit obligation is reflected in Employee benefits in the Consolidated Statement of Financial Position.

Employee or third-party contributions to defined benefit plans:

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the Company's accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services, such as when contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses, they are reflected in the remeasurement of the net defined benefit liability.
- For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 for the related gross benefits.

Termination benefits:

Termination benefits are payable when the Company terminates an employment contract before the normal retirement date or when the employee accepts voluntary severance in exchange for these benefits. The Company recognizes termination benefits at the earlier of when the Company can no longer withdraw the offer of these benefits, or when the Company recognizes the costs from a restructuring plan that includes the payment of termination benefits.

Revenue recognition: The Company derives revenues mainly from products manufactured and sold and related services rendered through its five business groups: Polymer Solutions (Vestolit and Alphagary), Building and Infrastructure (Wavin), Precision Agriculture (Netafim), Connectivity Solutions (Dura-Line) and Fluor & Energy Materials (Koura).

The Company recognizes revenue for its products sold in these businesses using a point in time model when it determines that a contractual promise to the customer has been fulfilled by transferring the products to the customer, which typically occurs upon shipment or delivery of the product to the customer and title, risk and rewards of ownership have passed to the customer. The Company has an immaterial amount of revenue that is also recognized over time related to services performed for customers if those services can be determined to be distinct from the products sold. A performance obligation is determined to be distinct if the related products or services in the agreement can be identified individually, and the customer can benefit from them separately.

In addition to sales contracts, Orbia considers purchase orders, which in some cases are governed by master supply agreements, to be contracts with customers. The transaction price as specified on the sales contract or purchase order is considered to be the standalone selling price for each distinct product or service.

To determine the transaction price for each product or service at the time when revenue is recognized, the Company evaluates whether the price is subject to adjustments such as for anticipated returns, discounts, or volume rebates to calculate the net consideration the Company expects to receive. An estimate of any such adjustments is made using relevant available data and is generally recognized as a reduction to revenue in the reporting period that the corresponding revenue is recognized.

Several of the Company's sales contracts include warranties which cannot be purchased separately that provide assurance that the products sold comply with agreed upon specifications. The Company accounts for these warranties in accordance with the requirements of IAS 37.

The Company does not have material remaining performance obligations anticipated to be fulfilled in more than one year for any of the periods presented and does not have material contract assets or liabilities recorded on its Consolidated Statements of Financial Position.



Shipping and handling costs are expensed in the period incurred and are included in Cost of sales within the Consolidated Statements of Profit unless they are incurred after the transfer of control to the customer, in which case they are billed to customers and are recorded as sales revenue, as the Company considers these to be fulfillment costs. Taxes collected on sales to customers are excluded from the transaction price.

The Company's has presented its disaggregated revenues both by business group and by country or region of customer in Note 29.

Written put options over non-controlling interest: From time to time the Company acquires less than 100% of the shares of an entity and may enter into a written put option with the seller enabling the seller to sell its remaining interest in the acquired entity at a specified price. The Company recognizes the value of the written put options as a financial liability as Redeemable non-controlling interest in the Consolidated Statements of Financial Position. The redeemable non-controlling interest is initially measured at an amount equal to the present value of the amount that may be required to be paid to the seller in accordance with IAS 32. Subsequent changes in the measurement of the gross obligation due to the unwinding of the discount, or changes in the amount that the Company could be required to pay, are recognized in the change in measurement of redeemable non-controlling interest line item in the Consolidated Statements of Profit.

Segment Reporting: Segment information is presented consistently with the internal reporting provided to the Chief Executive Officer who is the highest authority in operational decision-making, resource allocation and assessment of operating segment performance.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Company's material accounting policies described in Note 4, the Company is required to make judgments, estimates and assumptions that have a significant impact on amounts recognized about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

The critical accounting judgements and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Consolidation of Ingleside Ethylene LLC: The Company consolidates Ingleside Ethylene LLC for which it owns a 50% equity interest as a subsidiary. The Company can contractually control major operating decisions regarding production and sales at the joint venture and accordingly has determined that it has control of this investment.

Estimated impairment of goodwill and intangible assets with indefinite lives: The Company annually performs tests to determine whether goodwill and intangible assets with indefinite lives are impaired. For impairment testing purposes, goodwill and intangible assets with indefinites lives are typically allocated to cash generating units (CGUs). The recoverable amounts of each CGU have been determined based on the calculations of their value in use, which require the use of significant estimates including projected cash flows driven from revenues, anticipated gross margins, capital expenditures, and the rate used to discount future cash flows based on the weighted cost of capital of each CGU. Additionally, the Company has utilized an estimation of fair value less cost to dispose (FVLCD) for one of its CGUs (see Note 16). Key assumptions used to calculate the FVLCD of that CGU included the determination of comparable market transactions from which to derive the appropriate valuation as well as the assumed cost to dispose of the CGU.



Long lived assets: The Company reviews depreciable and amortizable assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered during the remaining useful life of the assets.

Additionally, the Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or other such changes. When such changes to the anticipated use of an asset occur faster or differently than anticipated, the useful lives assigned to these assets may need to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of changes could result in the recognition of a charge for impairment to reflect the reduction in the expected future economic benefits associated with the assets.

Inventory and Receivables: The Company uses estimates to determine the net realizable value of its inventories and its allowance for current expected credit losses for its accounts receivable. The factors that the Company considers to determine the net realizable value of its inventory are production and sales volumes, and changes in demand for certain products, including expected sales prices and costs. The reserve for current expected credit losses is based on the Company's assessment of the probability of default and estimated recovery rate of its accounts receivable at period end based on a variety of inputs, including collection history and an assessment of current factors that may impact the credit worthiness of its customers or risk of non-collection.

Ore Reserves: The Company periodically evaluates the estimates of its ore reserves (fluorite and salt), for the unexploited amount remaining in its existing mines, that can be produced and sold at a profit. Such estimates are based on engineering evaluations derived from samples, combined with assumptions about market prices and production costs relating to the respective mines. The Company updates the estimate for ore reserves at the beginning of each year.

Defined Benefit Obligation Discount Rate: To determine the carrying amount of the Company's defined benefit obligations, the Company must estimate an appropriate discount rate. The Company's defined benefit obligation is discounted using market yields on high-quality government and corporate bonds at the end of the reporting period. Judgement must be used to establish the criteria for the bonds to be included in the population from which the yield curve is derived. The most important criteria considered for the selection of the bonds include the size of the issuance of the government and corporate bonds, their rating and the identification of the atypical bonds that have been excluded.

Contingent Liabilities: Management makes judgments and estimates in recording provisions for matters relating to claims and litigation. Specifically, management must determine when a liability is probable to have occurred, and then, if deemed probable, must estimate the cost of the most likely outcome. Actual costs may vary from these estimates for several reasons, such as changes in cost estimates for resolution of complaints and different interpretations of the law.

Recoverability of Deferred Tax Assets: The Company prepares financial projections for each legal entity over which it has control in order to determine whether recorded tax assets may be realized in the future and relies on these estimated projections to determine if a deferred tax asset is recoverable.

Leases: The determination of the value of the Company's right-of-assets and related lease liabilities require various estimates to be made including the expected term of the lease and the incremental borrowing rate used to discount future lease payments when determining the lease liability.

Assets Acquired in Business Combinations: The application of the acquisition method requires certain estimates and assumptions to be made concerning the fair values of the acquired intangible assets, inventories, property, plant and equipment and the liabilities assumed at the acquisition date and the useful lives of the intangible assets and property, plant, and equipment. Estimates of fair value require the use of various valuation techniques. These valuations require the use of management assumptions and estimates, including the value of comparable assets in the market, amount and timing of future cash flows, outcomes and costs of research and development activities, probability of obtaining regulatory approval, long-term sales forecasts, actions of competitors, discount rates and terminal growth rates.



Fair Value of Financial Instruments: The fair value of the financial instruments that are presented in the financial statements has been determined by the Company using the information available in the market or other valuation techniques that require judgment to develop and interpret fair value estimates. Additionally, such techniques use inputs based on market conditions as of the reporting date. Consequently, the estimated fair value of the financial instruments presented is not necessarily indicative of the amount that the Company could get in the open market. The use of different assumptions and/or estimation methods could have a material effect on the fair value calculations.

“Put/Call” Options - Redeemable non-controlling interest: The Company’s measurement of its “Put/Call” options with minority shareholders require certain estimates including the amount and timing of future EBITDA, determination of the discount rates used to calculate the liabilities, terminal growth rates and probability of execution.

Uncertain Tax Positions: The Company operates in multiple tax jurisdictions and tax returns filed in those countries are subject to review and examination by local tax authorities with the rules in some jurisdictions being complex to interpret.

The Company recognizes uncertain tax positions when it is not probable that a relevant taxing authority will accept the tax treatment as reported in the income tax filing. Estimates have to be made by the Company on the tax treatment of a number of transactions in advance of the ultimate tax determination being certain.

There is significant judgement and estimation required in determining uncertain tax positions and a risk that all potential tax exposures may not be identified. However, the Company considers that such uncertain tax positions will not have a material effect on its consolidated financial position or operating results.

6. Transactions which did not generate or require Cash Flows

The following transactions did not generate cash flows in investing or financing activities in the Consolidated Statements of Cash Flows:

The Company has entered into certain lease agreements that require recognition as right-of-use assets with corresponding lease liabilities on the Consolidated Statements of Financial Position. In 2025, 2024 and 2023, these transactions represented additions to right-of-use assets totaling \$175 million, \$126 million and \$231 million respectively that did not generate nor consume cash directly, except for subsequent lease payments.

In 2025, the Company recognized non-cash consideration under *IFRS 15 Revenue Recognition* of \$24 million related to Property, plant, and equipment.

In connection with the Vectus acquisition in 2022, the Company recognized initial redeemable non-controlling interests for \$195 million, which did not generate nor consume cash. The redeemable non-controlling interests related to Vectus were subsequently extinguished in 2024 as discussed in Note 12 as well as \$40 million in net assets and \$44 million Redeemable non-controlling interests liability as discussed in Note 15.

In addition, in 2023 the Company acquired debt of \$24 million from business combinations that did not generate nor consume cash.

7. Cash and Cash Equivalents

Cash and cash equivalents on the Consolidated Statements of Position as of December 31 consist of the following:



	2025	2024 (In millions)	2023
Cash and bank papers	\$ 918	\$ 907	\$ 1,153
Cash equivalents:			
Highly liquid investments	<u>122</u>	<u>102</u>	<u>303</u>
	<u>\$ 1,040</u>	<u>\$ 1,009</u>	<u>\$ 1,456</u>

8. Accounts Receivable

Accounts receivable on the Consolidated Statements of Position as of December 31 consist of the following:

	2025	2024 (In millions)	2023
Trade receivables	\$ 1,241	\$ 1,153	\$ 1,178
Less - Allowance for expected credit losses	<u>(70)</u> 1,171	<u>(71)</u> 1,082	<u>(80)</u> 1,098
Recoverable taxes and other	<u>395</u>	<u>366</u>	<u>363</u>
	<u>\$ 1,566</u>	<u>\$ 1,448</u>	<u>\$ 1,461</u>

The average period to collect customer accounts receivable is between 30 and 90 days. No interest is charged on accounts receivable unless a payment restructuring agreement is executed. The Company has determined its allowance for current expected credit losses mainly based on the Company's historical credit loss experience and other factors that may impact its customers' ability to pay.

Before accepting new customers, the Company uses an external credit rating system to assess the credit quality of the potential customer and to set the credit limit for that customer. The Company reviews its customer credit ratings and credit limits once a year or whenever there is evidence that all or part of a receivable is unlikely to be collected.

The Company's customer base is large and diverse. No single customer represents more than 4% of the Company's trade receivable balance and accordingly the Company's concentration of credit risk is low.

As of December 31, 2025, 2024, 2023 the Company had 8%, 9%, and 5% of trade receivables, respectively, greater than 60 days past due.

The movements in the allowance for current expected credit losses for the years ended December 31, 2025, 2024 and 2023 were as follows:

	2025	2024 (In millions)	2023
Beginning balance	\$ 71	\$ 80	\$ 80
Charge to profit or loss	4	4	4
Charges against the allowance	(7)	(6)	(4)
Foreign currency translation reserve	<u>2</u>	<u>(7)</u>	<u>-</u>
Ending balance	<u>\$ 70</u>	<u>\$ 71</u>	<u>\$ 80</u>



9. Inventories

Inventories in the Consolidated Statements of Financial Position as of December 31 consist of the following:

	2025	2024	2023
	(In millions)		
Finished products	\$ 733	\$ 713	\$ 779
Raw materials	300	310	363
Merchandise in transit	76	108	100
Spare parts	<u>46</u>	<u>49</u>	<u>51</u>
	1,155	1,180	1,293
Less - Allowance for obsolete and slow-moving inventories	<u>(75)</u>	<u>(82)</u>	<u>(93)</u>
	<u>\$ 1,080</u>	<u>\$ 1,098</u>	<u>\$ 1,200</u>

The movements of the allowance for obsolete and slow-moving inventories for the years ended December 31, 2025, 2024 and 2023 were as follows:

	2025	2024	2023
	(In millions)		
Beginning balance	\$ 82	\$ 93	\$ 83
Charge to profit or loss	(5)	(5)	26
Charges against the allowance	(4)	(4)	(14)
Foreign currency translation reserve	<u>2</u>	<u>(2)</u>	<u>(2)</u>
Ending balance on December 31	<u>\$ 75</u>	<u>\$ 82</u>	<u>\$ 93</u>

As of December 31, 2025, 2024 and 2023 no inventories have been pledged as collateral.

10. Financial Instruments

Financial Instruments risk management objectives and policies:

The Company is exposed to market risks, operating risks and financial risks arising from the use of financial instruments involving interest rate risk, credit risk, liquidity risk and foreign currency risk, which are centrally managed.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide direction on foreign currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of surplus cash. Compliance with policies and exposure limits is regularly reviewed. The Company does not enter into nor trade financial instruments, including derivative financial instruments, for speculative purposes.

A summary of the Company's risk management profile follows:

Capital risk management - The Company manages its capital to ensure its ability to continue as a running business, while maximizing shareholders return on investment through optimization of its debt and equity mix. The Company is not subject to any externally imposed capital requirements.



The Company's management periodically reviews its net debt position and borrowing costs in relation to its Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). Orbia monitors capital risk through an internally developed Net debt ratio. The Net debt ratio is calculated as the net-cost bearing debt divided by EBITDA. Management uses this internally developed metric in its development of financial projections as part of its business plan and it is presented to the Board of Directors and shareholders. When Adjusted EBITDA is reported, taking into account non-operational costs such as restructuring and legal expenses, Adjusted EBITDA is used for the calculation of the Net debt ratio. The Company determined that this metric is aligned with the Company's risk management policies.

The net debt ratio using reported EBITDA as of December 31, 2025, 2024 and 2023 was 3.71, 3.30 and 2.35, respectively. The interest coverage ratio using reported EBITDA for the years ended December 31, 2025, 2024 and 2023 was 2.72, 2.91 and 3.81, respectively. The net debt ratio using Adjusted EBITDA as of December 31, 2025, 2024 and 2023 was 3.40, 3.04 and 2.35, respectively.

Interest rate risk management - The Company is exposed to interest rate risk due to the variability of market interest rates related to its floating interest debt. The Company's hedging activities are evaluated regularly to assess their alignment with the interest rates and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Company's exposures to interest-rate risk are mainly related to the variability in the Mexican Interbank Weighted Rate (TIIE) and Secured Overnight Financing Rate (SOFR) that may impact the Company's bank loans and short-term debt. A hypothetical increase of the TIIE and SOFR rates of 100 basis points at each reporting period, with all other variables held constant would result in an immaterial impact.

This is primarily because the Company's exposure to the SOFR and TIIE rates on its long-term loans is not significant, as most of its bank loans and long-term debt bear interest at fixed rates.

Credit risk management - Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument or customer contract, resulting in a financial loss to the Company. Credit risk originates primarily from trade receivables and liquid funds. Credit risk with respect to cash and cash equivalents and derivative financial instruments is limited because counterparties are banks with high credit ratings assigned by credit rating agencies. Accordingly, the Company's main exposure to credit risk is from its trade accounts receivable. The majority of the Company's accounts receivable arise from product sales in different economic environments, primarily in Mexico, South America, Europe, and the United States of America.

The total accounts receivable from all business groups is comprised of more than 30,000 customers, with no individual customer reflecting a significant concentration of credit risk. The Company periodically evaluates the financial condition of its customers and to mitigate credit risk, it purchases collection insurance for export sales and generally requires a guarantee for domestic sales. The Company does not believe that there is a significant risk of loss from concentrations of credit with respect to its customer base and believes that any potential credit risk is adequately covered by its allowance for current expected credit losses, which represents its best estimate of impairment losses on trade receivables.

Liquidity risk management - Ultimate responsibility for liquidity risk management rests with the Company's management, which has established appropriate policies through the monitoring of working capital, to manage the Company's short, medium, and long-term funding requirements. Additionally, the Company has defined a process for posting margin calls with each counterparty for its derivative instruments through a negotiated Credit Support Annex (CSA), which may also represent a liquidity risk. As of December 31, 2025, no collateral has been recorded. The Company maintains cash reserves and available lines of credit, continuously monitoring projected and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.



The table below details the remaining contractual maturities of the Company's financial assets and financial liabilities, based on contractual repayment periods. The table reflects undiscounted projected cash flows of financial assets and liabilities based on the contractual payment date and when the Company expects to collect on its receivables. The table includes both projected cash flows related to interest and capital on financial debt in the consolidated statements of financial position and the interest that will be earned on financial assets. To the extent that interest flows are at a variable interest rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

As of December 31, 2025	Weighted average effective interest rate	Less than 1 year	More than one year and less than 3	3 years and thereafter	Total
(In Millions)					
Bank loans and general market ⁽¹⁾	5.71%	\$ 600	\$ 925	\$ 6,626	\$ 8,151
Suppliers and letters of credit ⁽²⁾	5.26%	1,238	-	-	1,238
Other accounts payable and other	-	845	153	151	1,149
Redeemable non-controlling interest ⁽³⁾	-	241	31	78	350
Lease liabilities	6.80%	139	145	273	557
Derivative financial instruments (net cash flow) ⁽⁴⁾	-	(50)	(5)	(147)	(202)
Total		<u>3,013</u>	<u>1,249</u>	<u>6,981</u>	<u>11,243</u>
Cash and cash equivalents	-	1,040	-	-	1,040
Trade and other accounts receivable (excluding tax receivables)	-	1,259	57	21	1,337
Total		<u>2,299</u>	<u>57</u>	<u>21</u>	<u>2,377</u>
Net	-	<u>\$ (714)</u>	<u>\$ (1,192)</u>	<u>\$ (6,960)</u>	<u>\$ (8,866)</u>
As of December 31, 2024	Weighted average effective interest rate	Less than 1 year	More than one year and less than 3	3 years and thereafter	Total
(In Millions)					
Bank loans and general market ⁽¹⁾	4.75%	\$ 795	\$ 1,494	\$ 4,709	\$ 6,998
Suppliers and letters of credit ⁽²⁾	6.13%	1,216	-	-	1,216
Other accounts payable and other	-	753	126	90	969
Redeemable non-controlling interest ⁽³⁾	-	242	-	82	324
Lease liabilities	5.05%	118	96	378	592
Derivative financial instruments (net cash flow) ⁽⁴⁾	-	(38)	(77)	74	(41)
Total		<u>3,086</u>	<u>1,639</u>	<u>5,333</u>	<u>10,058</u>
Cash and cash equivalents	-	1,009	-	-	1,009
Trade and other accounts receivable (excluding tax receivables)	-	1,176	30	19	1,225
Total		<u>2,185</u>	<u>30</u>	<u>19</u>	<u>2,234</u>
Net	-	<u>\$ (901)</u>	<u>\$ (1,609)</u>	<u>\$ (5,314)</u>	<u>\$ (7,824)</u>
As of December 31, 2023	Weighted average effective interest rate	Less than 1 year	More than one year and less than 3	3 years and thereafter	Total
(In Millions)					
Bank loans and general market ⁽¹⁾	4.20%	\$ 732	\$ 1,841	\$ 5,063	\$ 7,636
Suppliers and letters of credit ⁽²⁾	7.06%	1,228	-	-	1,228
Other accounts payable and other	-	634	42	183	859
Redeemable non-controlling interest ⁽³⁾	-	300	-	140	440
Lease liabilities	5.37%	115	69	348	532
Derivative financial instruments (net cash flow) ⁽⁴⁾	-	(7)	(13)	(2)	(22)
Total		<u>3,002</u>	<u>1,939</u>	<u>5,732</u>	<u>10,673</u>
Cash and cash equivalents	-	1,456	-	-	1,456
Trade and other accounts receivable (excluding tax receivables)	-	1,116	180	5	1,301
Total		<u>2,572</u>	<u>180</u>	<u>5</u>	<u>2,757</u>
Net	-	<u>\$ (430)</u>	<u>\$ (1,759)</u>	<u>\$ (5,727)</u>	<u>\$ (7,916)</u>



- (1) Future debt payments include principal and interest.
- (2) The Company's letters of credits are used for the purchase of raw materials.
- (3) Redeemable non-controlling interest includes the earliest period the put option can be called.
- (4) Includes interest coupon payments earned on outstanding derivative positions.

The amounts included for debt with financial institutions includes both fixed and variable interest rate instruments. The financial liabilities at variable interest rate are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

The Company expects to meet its obligations with the cash flows from operations and resources received from the maturity of financial assets. In addition, as of December 31, 2025, the Company has access to a revolving line of credit with an unused balance of \$1,400 million with an expiration in 2029.

Foreign exchange risk management - The Company frequently transacts in currencies other than its functional currency; consequently, it is exposed to exchange rate fluctuations, which are managed within the parameters of approved policies, using forward exchange rate contracts when considered appropriate and effective in hedging the related risk. The Company's most significant exposure to foreign exchange risk in its operations is to the Euro, the Mexican peso, the British pound, and the Brazilian real.

Foreign currency sensitivity analysis- The Company performed a sensitivity analysis which includes only monetary items denominated in foreign currency and adjusts their translation with a 10% weakening of the functional currency as of December 31, resulting in a hypothetical exchange gain (loss) included in the profit or loss or other comprehensive income statement:

Functional currency	2025	2024 (In millions)	2023
Euro	\$ (103)	\$ (30)	\$ (48)
Mexican pesos	(160)	(153)	(143)
British pound	31	16	(12)
Brazilian real	8	7	9
Others	<u>40</u>	<u>(12)</u>	<u>2</u>
	<u>\$ (184)</u>	<u>\$ (172)</u>	<u>\$ (192)</u>

The sensitivity analysis may not necessarily reflect the Company's exposure during the year.

Financial risk management objectives - The Company's Treasury function provides services to the businesses, coordinates access to domestic and international financial markets and monitors and manages the financial risk related to the Company's operations through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including currency risk, interest rate risk, credit risk, and liquidity risk. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

The following financial instruments have been formally designated as hedging transactions for accounting purposes as of December 31, 2025:

- Swap: Cross Currency Swap, to exchange fixed interest rate in EURO to a fixed interest rate in USD and Cross Currency Swap, to exchange fixed interest rate in MXN to a fixed interest rate in USD.
- Forwards: FX Forwards to exchange local currency to USD or EUR

The Company has evaluated and measured the hedging effectiveness related to these swaps and forwards and concluded that its hedging strategy is highly effective as of December 31, 2025, 2024 and 2023. The Company uses the ratio analysis method, based on the hypothetical derivative model, to simulate the behavior of the hedged item. This method consists of comparing the changes in the fair value of the hedging instruments with the changes in the fair value of the hypothetical derivative that would result in perfect coverage of the hedged item.



11. Fair Value of Financial Instruments

The financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable are:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined that the carrying amount of cash, cash equivalents, accounts receivable and accounts payable from third parties and related parties, bank loans and the current portion long-term debt approximate their fair values because of their short-term maturities. The Company's long-term debt is recognized at amortized cost and accrues interest at fixed and variable rates that are tied to market indicators.

The Company uses quoted market prices or inputs or quoted prices for similar instruments to determine the fair value of long-term debt. Other techniques are used to determine the fair value of other financial instruments such as cash flows projections, considering the dates of the cash flows in market curves and discounting such cash flows using discount rates that reflect the counterparty credit risk as well as the Company's own credit risk over the reference period.

Assets and liabilities measured at fair value on a recurring basis

The following table shows the net fair value of financial instruments by type and their categorization in the fair value hierarchy as well as the valuation techniques and input data used to determine fair value as of December 31:

Financial Assets /(liabilities)	2025	2024 (In Millions)	2023	Fair value hierarchy	Valuation techniques and input data
1)Principal-only Swap EUR/USD (see Note 12)	\$ (44)	\$ 17	\$ (12)	Level 2	The Company uses the ratio analysis method under the hypothetical derivative model to simulate the behavior of the hedged item, which consists of comparing changes in the fair value of the hedge instruments with the changes in the fair value of the hypothetical derivative that would result in perfect coverage of the hedged item.
2)Cross Currency Swap USD/MXN (see Note 12)	(16)	(155)	-	Level 2	The Company uses the ratio analysis method under the hypothetical derivative model to simulate the behavior of the hedged item, which consists of comparing changes in the fair value of the hedge instruments with the changes in the fair value of the hypothetical derivative that would result in perfect coverage of the hedged item.
3)Forward contracts (see Note 12)	<u>1</u> (59)	<u>1</u> (137)	<u>-</u> (12)	Level 2	The Company values option contracts using discounted cash flows. Future cash flows are estimated on the basis of the exchange rate options, based on observable exchange rate of the option at the end of the reporting period, and the rates of the plain vanilla contract, discounted at a rate that reflects the credit risk of several counterparties.
Less - Current portion - Net	<u>1</u>	<u>1</u>	<u>1</u>		
Total	<u>\$ (60)</u>	<u>\$ (138)</u>	<u>\$ (13)</u>		



The carrying amounts of financial instruments by category and their related fair values as of December 31, are as follows:

	2025		2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Cash and cash equivalents	\$ 1,040	\$ 1,040	\$ 1,009	\$ 1,009	\$ 1,456	\$ 1,456
Loans and receivables:						
Trade receivables and other current assets	1,569	1,569	1,448	1,448	1,463	1,463
Redeemable non-controlling interests (footnote 12)	(321)	(321)	(308)	(308)	(367)	(367)
Bank loans and current portion of long-term debt	(4,819)	(4,414)	(4,626)	(4,229)	(4,886)	(4,593)
Other liabilities excluding employee benefits and deferred tax liabilities	(2,604)	(2,604)	(2,495)	(2,495)	(2,389)	(2,389)
Total	<u>\$ (5,135)</u>	<u>\$ (4,730)</u>	<u>\$ (4,972)</u>	<u>\$ (4,575)</u>	<u>\$ (4,723)</u>	<u>\$ (4,430)</u>

The fair values shown as of December 31, 2025, 2024 and 2023 do not differ from their carrying amounts except for long-term debt.

There were no transfers between levels 1, 2, and 3 for any of the periods presented.

12. Derivative Financial Instruments

Foreign currency forwards

During fiscal year 2025, the Company contracted exchange rate Forwards mainly in the following currencies: Euro (EUR), Israeli new shekel (ILS), Indian rupee (INR) with maturities shorter than one year.

Options – Redeemable non-controlling interest

“Put/Call” option Shakun: Under the 2021 shareholders’ agreement with the minority shareholders who retained the remaining 45 percent of the share capital (redeemable non-controlling interest) of Shakun, the Company entered into a put and call option contract that allows the minority shareholders to sell their interest in Shakun to Orbia, and allows Orbia the right to acquire Shakun, at a pre-determined price in 2027. The shareholders’ agreement was amended in June 2025 and introduced two intermediate put and call options, each allowing the minority shareholders to sell, and Orbia the right to acquire, up to 7.5 percent of the remaining share capital. The amendment also modified the original put and call option by extending the exercise date from 2027 to 2030 for the remaining share capital held by minority shareholders, subject to the exercise of the intermediate options. The first intermediate option is exercisable in 2027 and the second intermediate option is exercisable in 2028. The value of the put/call option assumes all available options are exercised at the earliest date and is based on the assumed market value of Shakun’s shares, calculated based on a multiple of forecasted EBITDA and reflected at the present value of the calculated gross settlement price. The initial measurement of the liability of \$14 million was recorded in Redeemable non-controlling interest on the Consolidated Statements of Financial Position. As of December 31, 2025, 2024, and 2023, the fair value of the option was \$80 million, \$66 million, and \$57 million respectively, with a corresponding net expense of \$14 million, \$9 million and \$14 million, recognized in Change in measurement of the redeemable non-controlling interest and Foreign exchange loss, net in Orbia’s Consolidated Statements of Profit for the years ended December 31, 2025, 2024 and 2023, respectively, to reflect the changes in measurement of the gross liability.



“Put/Call” option Netafim: Under the 2018 shareholders’ agreement entered into with the minority shareholders who retained the remaining 20 percent of the share capital (redeemable non-controlling interest) of Netafim, the Company entered into a put and call option contract that allows the minority shareholders to sell their interest in Netafim to Orbia, and allows Orbia the right to acquire Netafim, at a predetermined price beginning in 2024 for a period of 10 years. The value of the put/call option is based on the greater of the assumed market value of Netafim’s shares which is calculated based on a multiple of forecasted EBITDA, or \$1.1 billion, and is reflected at the present value of the calculated gross settlement price. The initial measurement of the liability of \$227 million was recorded in Redeemable non-controlling interest on the Consolidated Statements of Financial Position. As of December 31, 2025, 2024, and 2023, the fair value of the option was \$241 million, \$242 million, and \$267 million respectively, with a corresponding benefit of \$1 million, benefit of \$25 million, and expense of \$50 million recognized in Change in measurement of the redeemable non-controlling interest in Orbia’s Consolidated Statements of Profit for the years ended December 31, 2025, 2024 and 2023, respectively, to reflect the change in fair value in those period.

“Put/Call” option Vectus: In June 2024 the Vectus put option was extinguished as described in Note 20 and had no impact on pre-tax income or loss. The initial measurement of the liability of \$195 million was recorded in Redeemable non-controlling interest on the Consolidated Statements of Financial Position. As of December 31, 2023 the fair value of the option was \$44 million with a corresponding benefit of \$71 million recognized in Change in measurement of the redeemable non-controlling interest in Orbia’s Consolidated Statements of Profit for the years ended December 31, 2023 to reflect the changes in fair value.

Exchange Rate Swaps, Interest Rate Swaps, Cross-Currency and Principal-Only Swaps

As discussed previously, swaps contract transactions carried out in 2025, 2024, and 2023 are accounted for as hedging transactions. The net liability fair value of these swaps contracts as of December 31, 2025, 2024 and 2023 was \$59 million, \$137 million, and \$12 million, respectively. Changes in fair value were recognized in other comprehensive income and as foreign exchange gain (loss).

In January 2023, the Company entered into a MXN/USD full cross-currency swap on its *certificados bursátiles* fixed rate debt with a notional value of \$397 million. The cross-currency swap was cancelled in July 2023 resulting in the recognition of a \$57 million foreign exchange gain and \$4 million interest income. The remaining amount within other comprehensive income will be amortized over the remaining period of the debt.

The notional amounts of derivative financial instruments contracted with various financial institutions are as follows:

Derivative financial instruments	Financial institution	Start date	Maturity date	Notional amount (In millions)	Swap amount (In millions)	Interest rate / exchange rate swap	Interest rate / exchange rate at year end	Fair value as of December 31, 2025 (In millions)
Principal-Only Swap USD/EUR	Different financial institutions	08/04/2023	08/04/2028	USD\$ 658	EUR\$ 600	1.07% / 1.10	1.04% / 1.1745	\$ (44)
Cross Currency Swap MXN/USD	Different financial institutions	04/16/2024	11/25/2032	USD\$ 873	MXN\$15,560	5.70% / 17.86	5.60% / 17.96	(16)
Forward FX	Different financial institutions	08/05/2025	06/05/2026	ILS\$ 134	USD\$ 41	3.2496 (ILS/USD)	3.1854 (ILS/USD)	<u>1</u>
								<u>\$ (59)</u>

Derivative financial instruments	Financial institution	Start date	Maturity date	Notional amount (In millions)	Swap amount (In millions)	Interest rate / exchange rate swap	Interest rate / exchange rate at year end	Fair value as of December 31, 2024 (In millions)
Principal-Only Swap USD/EUR	Different financial institutions	08/04/2023	08/04/2028	USD\$ 658	EUR\$ 600	1.07% / 1.10	1.94% / 1.03	\$ 17
Cross Currency Swap MXN/USD	Different financial institutions	04/16/2024	11/25/2032	USD\$ 873	MXN\$ 15,560	5.68% / 17.86	5.42% / 20.26	(155)
Forward FX	Different financial institutions	08/06/2024	06/06/2025	ILS\$ 217	USD\$ 59	0.2718 (ILS/USD)	0.2749 (ILS/USD)	<u>1</u>
								<u>\$ (137)</u>



Derivative financial instruments	Financial institution	Start date	Maturity date	Notional amount (In millions)		Swap amount (In millions)		Interest rate / exchange rate swap	Interest rate / exchange rate at year end	Fair value as of December 31, 2023 (In millions)
Principal-Only Swap EUR/USD	Different financial institutions	08/04/2023	08/04/2028	USD\$	658	EUR	\$600	1.07% / 1.10	1.30% / 1.10	\$ (12)
Forward FX	Different financial institutions	07/25/2023	06/07/2024	USD\$	64	ILS	\$236.9	3.6968 (USD/ILS)	3.6195 (USD/ILS)	1
Forwards FX	Different financial institutions	04/01/2011	03/25/2027	USD\$	5	-	-	-	0.0452 (INR/ILS)	(1)
										<u>\$ (12)</u>

13. Property, Plant and Equipment

For the years ended December 31, 2025, 2024 and 2023, the carrying amounts of property, plant and equipment recognized and the movements during those periods were as follows:

	Balance as of December 31, 2024	Additions	Disposals	Transferred to property, plant and equipment (In millions)	Hyperinflationary restatement effect	Foreign currency translation reserve	Balance as of December 31, 2025
Investment:							
Land	\$ 313	\$ 1	\$ (17)	\$ 27	\$ 6	\$ 19	\$ 349
Buildings and structures	1,134	7	(33)	48	(31)	38	1,163
Machinery and equipment	6,364	101	(218)	245	31	224	6,747
Office furniture and equipment	179	2	(13)	3	1	8	180
Transportation equipment	51	-	(2)	1	1	3	54
Projects in process	446	294	(4)	(324)	-	7	419
Total investment	<u>8,487</u>	<u>405</u>	<u>(287)</u>	<u>-</u>	<u>8</u>	<u>299</u>	<u>8,912</u>
Depreciation:							
Buildings and structures	730	44	(28)	-	(24)	33	755
Machinery and equipment	4,293	312	(184)	-	25	178	4,624
Office furniture and equipment	157	10	(11)	-	2	5	163
Transportation equipment	36	3	(2)	-	1	3	41
Total accumulated depreciation	<u>5,216</u>	<u>369</u>	<u>(225)</u>	<u>-</u>	<u>4</u>	<u>219</u>	<u>5,583</u>
Net investment	<u>\$ 3,271</u>	<u>\$ 36</u>	<u>\$ (62)</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 80</u>	<u>\$ 3,329</u>
	Balance as of December 31, 2023	Additions	Disposals	Transferred to property, plant and equipment (In millions)	Hyperinflationary restatement effect	Foreign currency translation reserve	Balance as of December 31, 2024
Investment:							
Land	\$ 212	\$ 4	\$ (3)	\$ 100	\$ 8	\$ (8)	\$ 313
Buildings and structures	1,138	14	(15)	32	12	(47)	1,134
Machinery and equipment	6,352	113	(155)	236	9	(191)	6,364
Office furniture and equipment	210	4	(27)	1	-	(9)	179
Transportation equipment	42	1	(2)	10	-	-	51
Projects in process	572	269	(1)	(379)	-	(15)	446
Total investment	<u>8,526</u>	<u>405</u>	<u>(203)</u>	<u>-</u>	<u>29</u>	<u>(270)</u>	<u>8,487</u>



	Balance as of December 31, 2023	Additions	Disposals	Transferred to property, plant and equipment	Hyperinflationary restatement effect	Foreign currency translation reserve	Balance as of December 31, 2024
Depreciation:							
Buildings and structures	715	44	(13)	-	16	(32)	730
Machinery and equipment	4,227	341	(130)	-	10	(155)	4,293
Office furniture and equipment	182	9	(27)	-	-	(7)	157
Transportation equipment	32	4	(1)	-	-	1	36
Total accumulated depreciation	<u>5,156</u>	<u>398</u>	<u>(171)</u>	<u>-</u>	<u>26</u>	<u>(193)</u>	<u>5,216</u>
Net investment	<u>\$ 3,370</u>	<u>\$ 7</u>	<u>\$ (32)</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ (77)</u>	<u>\$ 3,271</u>

	Balance as of December 31, 2022	Additions	Reclassifications ¹⁾	Disposals	Transferred to property, plant and equipment	Hyperinflationary restatement effect	Foreign currency translation reserve	Balance as of December 31, 2023
Investment:								
Land	\$ 204	\$ 3	\$ -	\$ (4)	\$ 6	\$ 2	\$ 1	\$ 212
Buildings and structures	1,069	39	-	(8)	31	2	5	1,138
Machinery and equipment	6,067	146	3	(61)	141	12	44	6,352
Office furniture and equipment	181	6	18	(5)	9	-	1	210
Transportation equipment	43	1	-	(2)	-	-	-	42
Projects in process	366	394	(1)	(1)	(187)	(1)	2	572
Total investment	<u>7,930</u>	<u>589</u>	<u>20</u>	<u>(81)</u>	<u>-</u>	<u>15</u>	<u>53</u>	<u>8,526</u>
Depreciation:								
Buildings and structures	667	42	-	(4)	-	7	3	715
Machinery and equipment	3,913	321	2	(54)	-	6	39	4,227
Office furniture and equipment	149	17	22	(7)	-	-	1	182
Transportation equipment	31	3	-	(2)	-	-	-	32
Total accumulated depreciation	<u>4,760</u>	<u>383</u>	<u>24</u>	<u>(67)</u>	<u>-</u>	<u>13</u>	<u>43</u>	<u>5,156</u>
Net investment	<u>\$ 3,170</u>	<u>\$ 206</u>	<u>\$ (4)</u>	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 10</u>	<u>\$ 3,370</u>

1) Represents a gross up of fully depreciated fixed assets and certain assets to intangibles.

At each reporting date, Orbia reviews the carrying amounts of its property, plant and equipment assets for potential indicators of impairment. Impairment charges were nil years ended December 31, 2025, 2024 and 2023, respectively.

14. Leases

The Company enters into various leases as the lessee, primarily related to warehouse facilities, machinery and equipment and certain transportation vehicles.

Right-of-Use Assets

	Balance as of December 31, 2024	Additions	Disposals (In millions)	Foreign currency translation reserve	Balance as of December 31, 2025
Investment:					
Land	\$ 38	\$ 14	\$ (1)	\$ 1	\$ 52
Building	367	48	(39)	7	383
Machinery and equipment	163	22	(10)	7	182
Office furniture and equipment	5	-	-	-	5
Transportation equipment	<u>344</u>	<u>91</u>	<u>(18)</u>	<u>7</u>	<u>424</u>
Total investment	<u>917</u>	<u>175</u>	<u>(68)</u>	<u>22</u>	<u>1,046</u>



	Balance as of December 31, 2024	Additions	Disposals (In millions)	Foreign currency translation reserve	Balance as of December 31, 2025
Depreciation:					
Land	9	-	(1)	-	8
Building	147	42	(28)	3	164
Machinery and equipment	83	32	(9)	3	109
Office furniture and equipment	4	1	-	-	5
Transportation equipment	243	74	(18)	4	303
Total accumulated depreciation	486	149	(56)	10	589
Net investment	\$ 431	\$ 26	\$ (12)	\$ 12	\$ 457
	Balance as of December 31, 2023	Additions	Disposals (In millions)	Foreign currency translation reserve	Balance as of December 31, 2024
Investment:					
Land	\$ 50	\$ -	\$ (10)	\$ (2)	\$ 38
Building	366	29	(18)	(10)	367
Machinery and equipment	150	25	(9)	(3)	163
Office furniture and equipment	6	1	(1)	(1)	5
Transportation equipment	295	71	(10)	(12)	344
Total Investment	867	126	(48)	(28)	917
Depreciation:					
Land	10	1	(2)	-	9
Building	118	36	(1)	(6)	147
Machinery and equipment	71	24	(9)	(3)	83
Office furniture and equipment	4	1	(1)	-	4
Transportation equipment	195	61	(4)	(9)	243
Total accumulated depreciation	398	123	(17)	(18)	486
Net investment	\$ 469	\$ 3	\$ (31)	\$ (10)	\$ 431
	Balance as of December 31, 2022	Additions	Disposals (In millions)	Foreign currency translation reserve	Balance as of December 31, 2023
Investment:					
Land	\$ 39	\$ 6	\$ -	\$ 5	\$ 50
Building	245	134	(11)	(2)	366
Machinery and equipment	144	16	(12)	2	150
Office furniture and equipment	3	4	(1)	-	6
Transportation equipment	240	72	(7)	(10)	295
Total Investment	671	232	(31)	(5)	867
Depreciation:					
Land	5	3	1	1	10
Building	93	33	(7)	(1)	118
Machinery and equipment	59	23	(12)	1	71
Office furniture and equipment	3	2	(1)	-	4
Transportation equipment	153	58	(5)	(11)	195
Total Accumulated Depreciation	313	119	(24)	(10)	398
Net investment	\$ 358	\$ 113	\$ (7)	\$ 5	\$ 469



Lease liability

For the years ended December 31, 2025, 2024 and 2023, the carrying amounts of lease liabilities recognized and the movements during those periods were as follows:

	Amount (In millions)
Lease liabilities as of January 1, 2023	\$ 369
New lease liabilities	231
Disposals	(30)
Cash outflows from lease payments	(91)
Foreign currency translation reserve	<u>10</u>
Lease liabilities as of December 31, 2023	489
New lease liabilities	126
Disposals	(48)
Cash outflows from lease payments	(105)
Foreign currency translation reserve	<u>(5)</u>
Lease liabilities as of December 31, 2024	457
New lease liabilities	175
Disposals	(13)
Cash outflows from lease payments	(130)
Foreign currency translation reserve	<u>8</u>
Lease liabilities as of December 31, 2025	497
Current lease liability	<u>128</u>
Non-current lease liability	<u><u>\$ 369</u></u>

The total of future discounted fixed payments of leases as of each year-end December 31, were as follows:

	2025	2024	2023
	(In millions)		
1 year	\$ 128	\$ 111	\$ 106
2 years	92	77	73
3 years	63	52	61
4 years	45	39	44
5 years	33	27	32
>5 years	<u>136</u>	<u>151</u>	<u>173</u>
	<u><u>\$ 497</u></u>	<u><u>\$ 457</u></u>	<u><u>\$ 489</u></u>

Lease payments are reflected in Financing activities in the Consolidated Statements of Cash Flows.

Interest expense paid related to leases for the years ended December 31, 2025, 2024 and 2023 was \$29 million, \$31 million and \$20 million, respectively.



15. Business Combinations & Divestitures

In fiscal years 2025, 2024 and 2023 the Company did not enter into any acquisitions that it deemed to be material.

In July 2025, Orbia's Building and Infrastructure ("B&I") business group completed the sale of Orbia's Pipes and Fittings business in India ("Wavin India") which also included the licensing of B&I's leading water management technologies (the "License Agreement") with Supreme Industries Ltd. ("Supreme"). This Transaction creates a long-term partnership where Supreme will exclusively license B&I's leading water management technologies, addressing India's water challenges.

Subsequent to closing, Orbia received \$33 million of cash consideration in 2025 with an additional \$1 million in working capital adjustment expected to be received in March 2026, divested net assets of \$100 million, including \$32 million of intangible assets and \$53 million of goodwill that were originally recorded upon acquisition of Vectus Industries limited ("Vectus") in 2022, and recognized a \$75 million loss on sale recorded within Loss on sale of a business, net.

Pursuant to the License Agreement, Orbia will receive approximately \$17 million in license fees over seven-years in addition to a one-time payment of \$5 million for newly developed technology. Orbia will also receive royalties on products using licensed technologies sold by Supreme. Income associated with the annual license fees will be recorded straight-line over the seven-year license term.

Prior to the divestment of the pipes and fitting business, in July 2024 Orbia completed a purchase and sale with Vectus Polymers Private Limited ("VPPL") to sell the Vectus Tanks & Households and Sunrise & Gangotri products business including its manufacturing sites in exchange for the remaining 33% ownership in the Vectus Pipes and Fittings business. The transaction resulted in divestment of \$40 million in net assets including \$12 million of cash and cash equivalents. The Vectus put option of \$44 million was canceled as a result of the transaction. The completion of these transactions had no impact on pre-tax income or loss, since it was accounted as an equity transaction.

In 2025 the Company completed other business divestments and received approximately \$20 million of cash proceeds (net of transaction costs), divested net assets of \$20 million and recognized \$4 million gain on sale recorded within Loss on sale of a business, net in the consolidated statement of profit.

16. Intangible assets and Goodwill

An analysis of intangible assets and goodwill as of December 31, 2025, 2024 and 2023 follows:

Intangible assets:

	Useful life (years)	2025	2024	2023
			(In millions)	
Customer portfolio	25	\$ 566	\$ 605	\$ 642
Other	5 - 7	224	226	268
	Indefinite /			
Trademark use	finite	561	586	594
Intellectual property	10	161	179	197
Non-Compete	1-5	<u>1</u>	<u>1</u>	<u>1</u>
		<u>\$ 1,513</u>	<u>\$ 1,597</u>	<u>\$ 1,702</u>



Cost	Non-compete agreements	Customer portfolio	Trademark use	Intellectual property	Other	Total
	(In millions)					
Balance as of December 31, 2023 (cost)	\$ 185	\$ 1,248	\$ 622	\$ 391	\$ 481	\$ 2,927
New developments and investments	-	-	-	-	55	55
Disposals	-	-	-	-	(5)	(5)
Foreign currency translation reserve	-	-	(1)	-	(23)	(24)
Balance as of December 31, 2024 (cost)	185	1,248	621	391	508	2,953
New developments and investments	-	1	-	-	24	25
Disposals & divestments	-	-	(44)	-	(34)	(78)
Reclassifications	-	36	-	-	(5)	31
Foreign currency translation reserve	-	(10)	10	(4)	91	87
Balance as of December 31, 2025 (cost)	<u>\$ 185</u>	<u>\$ 1,275</u>	<u>\$ 587</u>	<u>\$ 387</u>	<u>\$ 584</u>	<u>\$ 3,018</u>

Amortization	Non-compete agreements	Customer portfolio	Trademark use	Intellectual property	Other	Total
	(In millions)					
Balance as of December 31, 2023 (accumulated amortization)	\$ 184	\$ 607	\$ 28	\$ 194	\$ 211	\$ 1,224
Amortization expense	-	36	7	18	78	139
Disposals	-	-	-	-	(7)	(7)
Balance as of December 31, 2024 (accumulated amortization)	184	643	35	212	282	1,356
Amortization expense	-	30	1	16	44	91
Disposals & divestments	-	(2)	(13)	(2)	(34)	(51)
Reclassifications	-	36	1	-	3	40
Foreign currency translation reserve	-	2	2	-	65	69
Balance as of December 31, 2025 (accumulated amortization)	<u>\$ 184</u>	<u>\$ 709</u>	<u>\$ 26</u>	<u>\$ 226</u>	<u>\$ 360</u>	<u>\$ 1,505</u>
Net assets as of December 31, 2025	<u>\$ 1</u>	<u>\$ 566</u>	<u>\$ 561</u>	<u>\$ 161</u>	<u>\$ 224</u>	<u>\$ 1,513</u>

Goodwill:

	2025	2024	2023	CGU
	(In millions)			
Netafim, Ltd.	\$ 654	\$ 654	\$ 658	Netafim (<i>Precision Agriculture</i>)
Dura-Line Holdings, Inc.	192	192	192	Duraline (<i>Connectivity Solutions</i>)
Mexichem Amanco Holding, S.A. de C.V.	108	108	108	Amanco (<i>Building and Infrastructure</i>)
Wavin B.V.	42	90	101	Wavin (<i>Building and Infrastructure</i>)
Mexichem Resinas Vinílicas, S.A. de C.V.	86	99	99	Primex (MRV) y Policyd (<i>Polymer Solutions</i>)
Mexichem Specialty Compounds, Inc.	80	66	66	Alphagary & Bayshore (<i>Polymer Solutions</i>)
Mexichem Speciality Resins, Inc.	66	66	66	Polyone (<i>Polymer Solutions</i>)
Mexichem Resinas Colombia, S.A.S.	55	55	55	Petco (MRC) (<i>Polymer Solutions</i>)
Fluorita de México, S.A. de C.V.	48	48	46	Fluor Mexico (<i>Fluor & Energy Materials</i>)
VESTO PVC Holding GmbH	28	28	28	Vestolit (<i>Polymer Solutions</i>)
Others	25	25	28	
Total	<u>\$ 1,384</u>	<u>\$ 1,431</u>	<u>\$ 1,447</u>	
Beginning balance	\$ 1,431	\$ 1,447	\$ 1,478	
Business combinations ¹	-	-	(10)	
Foreign currency translation reserve	6	(8)	(21)	
Divestiture (Note 15)	(53)	(8)	-	
Ending balance	<u>\$ 1,384</u>	<u>\$ 1,431</u>	<u>\$ 1,447</u>	

1) Reduction is related to finalization of business acquisition purchase accounting adjustments.



As of December 31, 2025, the Company performed its annual impairment test by comparing the carrying amount of each Cash Generating Unit (CGU) to its recoverable amount. The recoverable amount of a CGU is its Value in Use (VIU), except in circumstances when the carrying amount of a CGU exceeds its VIU. In such cases, the recoverable amount is the greater of the CGU's Fair Value Less Cost of Disposal (FVLCD) and its VIU. No impairment charges to goodwill were recognized in fiscal 2025 as a result of this analysis.

As of December 31, 2025, 2024, and 2023, the Company determined that the recoverable amount for Netafim is its FVLCD as that is greater than its VIU. Key assumptions used to calculate the FVLCD of Netafim include the determination of comparable market transactions from which to derive an appropriate EBITDA valuation multiple as well as the assumed cost to dispose of the CGU. The VIU and FVLCD amounts are determined to be Level 3 valuations in the fair value measurement hierarchy as these are based on a mix of observable inputs such as elements of the weighted average cost of capital used to discount future cash flows and observable market transactions, and unobservable inputs such as the CGU's forecasted cash flows and assumed EBITDA.

17. Bank loans and current portion of long-term debt

Current and long-term debt on the Consolidated Statements of Financial Position as of December 31 in each of the periods presented consists of the following:

Debt in USD	2025	2024 (In millions)	2023
5.875% International bond due 2044 ⁽¹⁾	\$ 750	\$ 750	\$ 750
6.75% International bond due 2042 ⁽²⁾	400	400	400
4.00% International bond due 2027 ⁽³⁾	-	500	500
5.50% International bond due 2048 ⁽³⁾	500	500	500
1.875% International bond due 2026 ⁽⁴⁾	-	600	600
2.875% International bond due 2031 ⁽⁴⁾	500	500	500
6.80% International bond due 2030 ⁽⁵⁾	650	-	-
7.50% International bond due 2035 ⁽⁵⁾	450	-	-
SOFR 1M + 1.15% revolving credit facility ⁽⁶⁾	-	-	150
MXN 10.63% Cebures due 2032 ⁽⁷⁾	866	768	921
MXN 28-day TIE + 0.40% Cebures due 2025 ⁽⁸⁾	-	219	263
MXN 11.73% Cebures due 2035 ⁽⁹⁾	168	-	-
MXN TIE F + 0.95% Cebures due 2028 ⁽¹⁰⁾	177	-	-
MXN 28-day TIE + 0.9% ST bank loan due 2025 ⁽¹¹⁾	-	99	-
Others	400	336	344
Total	<u>4,861</u>	<u>4,672</u>	<u>4,928</u>
Less – Total Bank Loans and Current Portion of Long-Term Debt ⁽¹²⁾	(276)	(548)	(466)
Less - Debt Issue Costs	(42)	(45)	(42)
Total long-term debt less debt issue costs	<u>\$ 4,543</u>	<u>\$ 4,078</u>	<u>\$ 4,420</u>



An analysis of current and long-term debt maturities, net of related debt issue costs, as of December 31, 2025, is as follows:

Maturity date	USD millions
2026	\$ 276
2027	106
2028	192
2029	3
Thereafter	<u>4,242</u>
	<u>\$ 4,819</u>

- (1) On September 17, 2014, the Company issued and placed "Senior Notes" for a total amount of \$750 million for a term of thirty years, which accrue a fixed annual rate of 5.875%, with maturity on September 17, 2044.
- (2) On September 19, 2012, the Company issued and placed "Senior Notes" for a total amount of \$1,150 million, in two tranches: one of \$750 million, with a term of ten years with a fixed rate coupon of 4.875% and another of \$400 million, at a thirty-year term with a fixed coupon rate of 6.75%. With maturities on September 19, 2023, and September 19, 2042, respectively. In September 2023, the 4.875% Bond was fully repaid.
- (3) On October 4, 2017, the Company issued and placed "Senior Notes" for a total amount of \$1,000 million in two tranches, \$500 million for a term of ten years, with maturity on October 4, 2027. And \$500 million for a term of thirty years, with maturity on January 15, 2048. Which accrue a fixed rate of 4.0% and 5.50%. In October 2025, the 4.0% Bond was fully repaid.
- (4) On May 11, 2021, the Company announced the successful closing of its inaugural issuance of Sustainability-Linked Bonds in the amount of \$600 million in senior notes due May 2026 bearing interest at a fixed rate of 1.875%, and \$500 million in senior notes due May 2031 bearing interest at a fixed rate of 2.875%. In June 2025, the 1.875% Bond was fully repaid.
- (5) On May 2025, the Company issue and placed "Senior Notes" for a total amount of 1,100 million USD dollars in two tranches, \$650 million for a term of five years with a fixed rate coupon of 6.80% and another 450 million for a term of ten years and with a fixed rate of 7.50%. With maturities on May 13, 2030 and May 13, 2035, respectively.
- (6) In February 2024 the full outstanding principal amount was paid and the credit line was renewed with new financial terms for an amount of \$1.4 million dollars, with a rate of SOFR + 1.15% to 1.55%.
- (7) On December 8, 2022, the Company issued 10-year Cebures ("Certificados Bursátiles") for 7,660 million Mexican pesos, bearing semi-annual interest at a fixed rate of 10.63%. The loan principal is repayable in a single installment upon maturity in November 2032. In August 2023 the Company issued an additional 7,900 million Mexican pesos under the same terms as the second issuance of 2022.
- (8) On December 8, 2022, the Company issued 3-year Cebures for 2,340 million Mexican pesos, bearing monthly interest at a variable rate of 28-day THIE + 0.40%. The loan principal is repayable in a single installment upon maturity in December 2025. In August 2023 the Company issued an additional 2,100 million Mexican pesos under the same terms as the first issuance of 2022. In April 2025, the Cebur "Orbia 22" was fully repaid.
- (9) On April 11, 2025, the Company issued 10-year Cebures for \$3,034 million Mexican Pesos, bearing semi-annual interest fixed rate of 11.73%. The loan principal is repayable in a single installment upon maturity in March 2035.
- (10) On April 11, 2025, the Company issued 3-year Cebures for \$3,190 million Mexican Pesos, bearing monthly interest floating rate of THIE F + 0.95%. The loan principal is repayable in a single installment upon maturity in April 2028
- (11) In 2024, the Company issued a Promissory note for 2,000 million Mexican pesos, bearing monthly interest at an average variable rate of 28-day THIE + 0.90%, with a single principal installment upon maturity in 2025. In July 2025, the Promissory note was fully repaid.
- (12) The majority of the Current Portion of Long-Term Debt (< 12 months) is included in the (5) "Revolving Credit Facility" and the "Others" captions in the table above.



As of December 31, 2025, some of the Company's loan agreements contain certain affirmative and negative covenants, including the requirement for the Company to maintain its Investment Grade Rating on its Debt Rating or Debt Rating from -at least- two rating agencies. If such Investment Grade Rating on its Debt Rating or Debt Rating is lost, the applicable covenant is to maintain a consolidated interest coverage ratio (calculated as EBITDA divided by Interest expense) above 3.0x and maintain a leverage ratio (calculated as Net debt divided by EBITDA) below 3.5x of the last day of every fiscal quarter. The Company is in compliance with all of its financial covenants as of December 31, 2025.

18. Employee Benefits

Defined contribution plans

For its subsidiaries in Mexico, the Company makes contributions from the base salary of its workers to a defined contribution retirement savings system.

Additionally, the Company has established a savings plan for its U.S. employees that is designed to be qualified under Section 401(k) of the Internal Revenue Code. Eligible employees are permitted to contribute to this plan through payroll deductions within statutory and plan limits and the Company matches employee contributions to certain limits.

Employees in certain subsidiaries have retirement benefit plans managed by local governments. To finance these plans, the relevant subsidiaries are required to contribute a specific percentage of the employees' salary to the retirement benefit plans. The Company's only legal obligation with regards to these plans is to make the required contributions.

Supplemental benefit plans

The Company has unfunded obligations which comprise of service awards and retirement commitments that qualify as other benefit plans for long-term employees in the Netherlands, Belgium, Germany, Denmark, France, Ireland, Poland, Italy and Turkey. Typical of such plans, the Company's other benefit plans are unfunded and, therefore, have no plan assets. The Company funds these plans as claims or payments come due.

Defined benefit plans

The Company operates defined benefit pension plans in various jurisdictions based on employees' pensionable remuneration and length of service. Most plans are externally funded. Plan assets are held in trusts, foundations or similar entities, governed by local regulations and practice in each country, as is the nature of the relationship between the Company and the respective trustees (or the equivalent). The Company does not have any post-retirement medical plans.

The Company's material defined benefit plans are in Mexico, the U.K. and Germany for the periods presented.

Under the Mexican plan, qualified employees who have 10 or more years of service are entitled to government retirement benefits when reaching the age of retirement (65 years old). Employees who have 10 or more years of service at the Company, also have the option of early retirement when the sum of years worked plus their age is at least 55 years. Additionally, a Mexican seniority-premium plan pays a one-time benefit equal to 12-days' integrated salary for each year worked based on the employee's final monthly salary, which is capped at twice the legal value of the current UMA.

Orbia's U.K. subsidiaries have three defined benefit pension plans: the Wavin Plastics Pension Plan (Wavin Plan), the Hepworth Building Products Pension Plan (Hepworth Plan), and the Wavin Limited Unfunded Pension Plan (Wavin Limited Plan). These plans are closed to future participants. In the U.K., all pension rights of deferred members and pensioners are increased annually on an unconditional basis.



Previously, both the Wavin Plan and the Hepworth Plan were in a deficit position, leading to an agreement for the Company to make deficit contributions from 2022 to 2026. However, the Wavin Plan is now in surplus, while the Hepworth Plan remains in deficit. Both plans are expected to reach a surplus position by 2027 through assumed growth. As a result, yearly contributions to the Wavin Plan have ceased, and instead, a nominal GBP 0.8 million per year will be paid into an escrow account.

Qualified employees hired in Vestolit Germany before 1999 accrue or receive benefits under a Defined Benefit Pension Plan. Post-1999 hires are covered under Defined Contribution arrangements, albeit with a provision that guarantees an asset return.

Risks Associated with the Company's Defined Benefit Plans:

The Defined Benefit plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, mortality risk and salary/inflation risk.

<i>Investment risk</i>	The present value of the defined benefit obligation is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, this will give rise to a plan deficit. Currently, the plan has a relatively balanced investment in equity securities and debt instruments. Due to the long-term nature of the plan liabilities, a duration of the asset portfolio similar to the duration of the obligations is part of the investment strategy.
<i>Interest rate risk</i>	A decrease in the bond interest rate will increase the plan liability; however, this could be partially offset by the return on the plan's investments strategy.
<i>Mortality risk</i>	The present value of the defined benefit obligation is calculated based on assumptions regarding mortality rates of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.
<i>Salary/inflation risk</i>	The present value of the defined benefit plan obligation is calculated by reference to the projected salaries of plan participants. As such, salary increases higher than projected will increase the defined benefit plan's liability. Certain plans are closed to future accrual, and therefore salary risk no longer exists and is replaced by inflation risk.

The amounts included in the Consolidated Statement of Financial Position from Orbia's defined benefit plans for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025	2024	2023
	(In millions)		
Present value of funded defined benefit obligation	\$ (360)	\$ (333)	\$ (381)
Fair value of plan assets	<u>276</u>	<u>261</u>	<u>295</u>
Net liability from the defined benefit obligation	(84)	(72)	(86)
Share-based payments and other benefits	<u>(44)</u>	<u>(20)</u>	<u>(14)</u>
	(128)	(92)	(100)
Employee benefits - assets	<u>(20)</u>	<u>(38)</u>	<u>(39)</u>
Long-term liabilities for employee benefits	<u>\$ (148)</u>	<u>\$ (130)</u>	<u>\$ (139)</u>

The 2025 net liability increased when compared to 2024 mainly due to changes in the zero-coupon government bond yield curve, which led to a lower discount rate and a higher present value of plan liabilities.



An additional break-down by operating segment follows:

	December 31, 2025 (In millions)					
	Polymer Solutions	Fluor & Energy Materials	Building and Infrastructure	Precision Agriculture	Controlling Company	Consolidated
Present value of funded defined benefit obligation	\$ (96)	\$ (8)	\$ (246)	\$ (7)	\$ (3)	\$ (360)
Fair value of plan assets	\$ 25	\$ -	\$ 250	\$ 1	\$ -	\$ 276
	December 31, 2024 (In millions)					
	Polymer Solutions	Fluor & Energy Materials	Building and Infrastructure	Precision Agriculture	Controlling Company	Consolidated
Present value of funded defined benefit obligation	\$ (85)	\$ (6)	\$ (234)	\$ (5)	\$ (3)	\$ (333)
Fair value of plan assets	\$ 19	\$ -	\$ 241	\$ 1	\$ -	\$ 261
	December 31, 2023 (In millions)					
	Polymer Solutions	Fluor & Energy Materials	Building and Infrastructure	Precision Agriculture	Controlling Company	Consolidated
Present value of funded defined benefit obligation	\$ (96)	\$ (6)	\$ (270)	\$ (4)	\$ (5)	\$ (381)
Fair value of plan assets	\$ 24	\$ -	\$ 270	\$ 1	\$ -	\$ 295

Changes in present value of the defined benefit obligation for the years ended December 31, 2025, 2024 and 2023 were as follows:

	2025	2024	2023
	(In millions)		
Beginning balance of defined benefit obligation	\$ 333	\$ 381	\$ 374
Current-year service cost	5	4	4
Interest cost	19	17	18
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(5)	(7)
Actuarial (gains)/losses arising from changes in financial assumptions	(8)	(26)	13
Actuarial losses/(gains) arising from past experience adjustments	8	-	4
Past service cost, including gains from curtailments	1	(4)	-
Exchange rate differences applicable to plans denominated in a currency other than the presentation currency	29	(17)	(4)
Benefits paid	(27)	(17)	(21)
Ending balance of defined benefit obligation	<u>\$ 360</u>	<u>\$ 333</u>	<u>\$ 381</u>



Changes in the present value of plan assets for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025	2024 (In millions)	2023
Beginning balance of plan assets at fair value	\$ 261	\$ 295	\$ 271
Interest income	16	14	13
Return on plan assets (excluding amounts included in net interest expense)	(6)	(32)	7
Employer contributions	0	9	12
Exchange rate differences on foreign plans	22	(10)	4
Benefits paid	(16)	(13)	(11)
Administrative expenses	(1)	(2)	(1)
Ending balance of plan assets at fair value	<u>\$ 276</u>	<u>\$ 261</u>	<u>\$ 295</u>

The principal assumptions used in the actuarial valuations on a weighted average are as follows:

	2025	2024	2023
Discount rate	5.43%	5.31%	4.67%
Expected salary increase rate	1.24%	1.11%	1.05%
Expected return on plan assets	5.81%	5.69%	1.85%

In 2025, if the discount rate was 10 basis points higher/(lower), the defined benefit obligation would have decreased/(increased) by approximately \$4 million with all other assumptions remaining constant.

In the sensitivity analysis described above, the present value of defined benefit obligations is calculated using the projected unit credit method at the end of the reporting period, which is the same method applied to calculate the liability for defined benefit obligations recognized in the Consolidated statements of financial position. There were no changes in the methods nor assumptions considered in the sensitivity analyses from prior years.

An analysis of the fair value of plan assets at the end of the reporting period for each category follows:

	2025	2024 (In millions)	2023
Equity investments	\$ 9	\$ -	\$ 16
Debt investments and debt instruments	267	261	279
Investments in funds and other	-	-	-
Total plan assets	<u>\$ 276</u>	<u>\$ 261</u>	<u>\$ 295</u>

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

An asset-liability matching analysis is prepared each year to analyze the outcome of the Company's investment strategy in terms of risk and return profiles. The investment and contribution policies are included as part of this analysis. The Fund's investment policy is as follows:



Asset mix is based on a range between 30-80% local debt and 20-70% of equity instruments.

The Company's processes for managing its risks remains unchanged from past periods.

The main categories of plan assets, and the expected return rate in each category at the end of the reporting period are as follows:

	Expected return		
	2025	2024	2023
Equity instruments	0.19%	0.00%	0.10%
Debt instruments	5.62%	5.69%	1.75%
Weighted average expected return	5.81%	5.69%	1.85%

The overall expected rate of return is a weighted average of the expected returns on various categories of plan assets. The Company's assessment of expected returns is based on historical performance trends and analyst predictions for over-the-counter markets over the life of the related obligation.

The amounts recognized in the Company's Consolidated comprehensive income for its defined benefit plans for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025	2024	2023
	(In millions)		
Service cost:			
Current-year service cost	\$ 4	\$ 4	\$ 6
Past service cost and (gain)/loss from settlements	1	1	1
Interest expense, net	<u>3</u>	<u>3</u>	<u>4</u>
Defined benefit cost items recognized in profit or loss	8	8	11
Remeasurement of defined benefit obligation, net:			
Return on plan assets (excluding amounts included in net interest expense)	6	32	(7)
Actuarial losses/(gains) arising from changes in demographic assumptions	-	(5)	(7)
Actuarial losses/(gains) arising from changes in financial assumptions	(8)	(26)	13
Actuarial losses/(gains) arising from past experience adjustments	<u>8</u>	<u>-</u>	<u>4</u>
Components of defined (benefit) costs recognized in other comprehensive income	<u>6</u>	<u>1</u>	<u>3</u>
Total	<u>\$ 14</u>	<u>\$ 9</u>	<u>\$ 14</u>

Current-year service costs and past service cost and (gain)/loss from settlements are recorded to Cost of sales, Selling and development expenses or Administrative expenses in the Consolidated Statements of Profit.

The remeasurement of the net defined benefit obligation is included in Other Comprehensive Income.



Expected contributions to defined benefit plans in 2026 are \$0.5 million. As of December 31, 2025, the average duration of the defined benefit obligation at the end of the reporting period is 7 years. The expected maturity analysis of undiscounted defined benefit plans as of December 31, 2025 is as follows:

Maturity date	USD millions
Less than a year	\$ 25
1-2 years	24
2-5 years	74
Over 5 years	<u>459</u>
Total	<u>\$ 582</u>

19. Provisions

For the years ended December 31, 2025, 2024 and 2023, the carrying amounts of the Company's reserves recorded in current and non-current liabilities on the Consolidated Statements of Financial Position and the related movements during those periods were as follows:

	Legal	Restructurings	Warranties (In millions)	Other	Total
Balance as of December 31, 2022	\$ 29	\$ 14	\$ 6	\$ 6	\$ 55
Charge/(benefit) to profit or loss	3	23	1	5	32
Charges against the provision	(4)	(24)	(1)	(1)	(30)
Business Combinations (Note 15)	8	-	-	-	8
Foreign currency translation reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of December 31, 2023	36	13	6	10	65
Charge/(benefit) to profit or loss	41	23	-	-	64
Charges against the provision	(46)	(5)	(1)	-	(52)
Reclassification	12	-	-	-	12
Foreign currency translation reserve	<u>(3)</u>	<u>(4)</u>	<u>-</u>	<u>(1)</u>	<u>(8)</u>
Balance as of December 31, 2024	40	27	5	9	81
Charge/(benefit) to profit or loss	19	46	-	(1)	64
Charges against the provision	(39)	(35)	-	(1)	(75)
Reclassification	-	-	-	-	-
Foreign currency translation reserve	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>1</u>	<u>1</u>
Balance as of December 31, 2025	<u>\$ 21</u>	<u>\$ 37</u>	<u>\$ 5</u>	<u>\$ 8</u>	<u>\$ 71</u>

A description of each provision follows:

Legal – The Company's legal provisions consists of outstanding matters and related legal costs that it has deemed probable of payment and for which an amount can be reliably estimated. None of the activity nor balances of such matters are material to the Company's consolidated financial statements in the periods presented. Most of the cash outflows related to legal provisions are expected to occur within one to five years. Please see Note 27 for further discussion of legal contingencies.



Restructurings – The Company’s restructuring provisions and related activity are related to actions taken at different sites throughout Orbia. The balances of restructuring provisions at each period end are mainly comprised of severance costs associated with plans. Typically, outstanding provision amounts are expected to be paid within one to two years from the date of plan initiation. None of the plan actions taken in any of the periods presented were material to the Company’s consolidated financial statements.

Warranties – The Company’s warranty provision is mainly driven by warranties provided in the Building and Infrastructure business. Orbia calculates its warranty provision based on both historical claims data and existing claims outstanding that are expected to occur within one to five years. No individual warranty claims nor reserves are material to the Company’s consolidated financial statements.

Other provisions – Other provisions represent various obligations that have occurred in the normal course of business. No such items are deemed material to the Company’s consolidated financial statements.

20. Non-Controlling Interest

As of December 31, 2025, 2024 and 2023 the Company had a non-controlling interest (NCI) in the following entities:

	NCI Interest Percentage			Non-Controlling Interest		
	2025	2024	2023	2025	2024	2023
	(In millions)					
Ingleside Ethylene LLC	50%	50%	50%	\$ 447	\$ 481	\$ 510
Netafim Ltd	20%	20%	20%	30	32	46
Shakun Polymers Private Limited	45%	45%	45%	44	39	34
MPC Poland	49%	49%	49%	15	15	14
All others				<u>(26)</u>	<u>(20)</u>	<u>-</u>
Total				<u>\$ 510</u>	<u>\$ 547</u>	<u>\$ 604</u>

21. Earnings Per Share

Earnings per share for the years ended December 31, 2025, 2024 and 2023 were as follows:

Basic and diluted earnings per share

	2025	2024	2023
	(In millions)		
Total shares	\$ 1,968	\$ 1,968	\$ 2,010
Minus repurchased shares weighted average	<u>(56)</u>	<u>(58)</u>	<u>(98)</u>
Weighted average number of ordinary shares	1,912	1,910	1,912
Net profit (loss) attributable to the parent	<u>\$ (457)</u>	<u>\$ 145</u>	<u>\$ 65</u>
Total basic and diluted earnings per share – in dollars ¹	<u>\$ (0.24)</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>

- 1) Due to the immaterial amount of potentially dilutive instruments that are outstanding for each of the three years ended December 31, diluted earnings per share are the same as basic earnings per share.



22. Stockholder's Equity

Contributed capital:

As of December 31, 2025, the Company's share capital count was 1,968,000,000 shares.

The fixed portion of the Company's share capital is comprised of Class I registered shares with no right to withdrawal. The variable portion of the Company's share capital is comprised of Class II registered shares with no par value and may not exceed ten times the minimum fixed share capital.

An analysis of the Company's current share capital structure as of December 31, 2025, 2024 and 2023 is as follows:

Share capital subscribed	Share Count	Amount (In millions)
Class I	308,178,735	\$ 37
Class II	<u>1,659,821,265</u>	<u>219</u>
	<u>1,968,000,000</u>	<u>\$ 256</u>

Share buyback reserve:

On April 2, 2025, the Company's shareholders approved a share buyback program for an amount up to \$1,325 million until the next shareholders meeting. As of December 31, 2025, 2024, and 2023 the Company made share repurchases totaling \$2 million \$5 million and \$8 million, respectively.

As of December 31, 2025, 2024 and 2023, the Company's treasury shares in retained earnings on the Consolidated Statements of Financial Positions is \$1,325 million, \$1,179 million and \$1,239 million respectively, and the Company held 54 million, 61 million and 104 million of its own shares, respectively.

Earned capital:

On April 9, 2024, the Company's shareholders' approved the payment of a cash dividend of \$160 million applied to the retained earnings and the net taxable profits account (CUFIN, by its acronym in Spanish). These dividends were distributed to the holders of the outstanding shares at each payment date during 2024 minus the amount corresponding to the shares of the share buyback program.

On March 30, 2023, the Company's shareholders' approved the payment of a cash dividend of \$240 million applied to the retained earnings and the net taxable profits account CUFIN. These dividends were distributed to the holders of the outstanding shares at each payment date during 2023, minus the amount corresponding to the shares of the share buyback program.

Except for earnings distributed from the Restated Contributed Capital Account (CUCA) and the CUFIN balance, dividends are subject to the payment of corporate income tax at the statutory rate at that time. Income tax paid on dividends may be credited against income tax payable (annual or in prepayments) in the year of payment or either of the two immediately subsequent years.

Retained earnings include the statutory legal reserve. In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. At December 31, 2025 the reserve represents 20% of the nominal share capital and its balance is \$51 million and at December 31, 2024 and 2023 the reserve also represents 20% of the nominal share capital and the balance of the reserve was \$51 million.



Dividends paid from earnings to Mexican individuals and foreign corporations are subject to an additional 10% withholding tax.

As of December 31, 2025, 2024 and 2023, the Company had \$4,289 million, \$3,667 million and \$4,223 million in the CUCA and \$842 million, \$658 million and \$749 million in the CUFIN, respectively.

23. Stock-Based Compensation Expense

The Company has established a Long-Term Incentive Plan (LTIP) for certain executives to align their compensation with shareholder interests. Under the plan, the Company annually grants Restricted Stock units (RSUs) and Performance Share units (PSUs) to plan participants. RSUs and PSUs are subject to a three-year time-based or performance-based vesting period provided the participant is actively employed by the Company at the time of vest. PSUs are also subject to cliff vesting and performance payout is based on the Company's achievement of financial performance targets. RSUs are eligible for dividends declared by the Company, but do not carry voting rights. The Company accounts for share-based payments in accordance with IFRS 2 *Share-based Payments*.

Pursuant to this plan, the Company in 2016, began to annually issue phantom stock to certain executive officers and other employees. The phantom stock awards require the Company to pay the intrinsic value of the award to the employee at the date of exercise. Vested phantom stock awards do not have an expiration date and may be exercised at the employee's discretion for their duration of their employment with the Company. Share-based compensation expense for phantom stock awards is determined based on the grant date fair value and adjusted for fluctuations in the fair value each period. The fair value is determined based on the Company's stock price and these awards are recorded as liabilities on the Consolidated Statement of Financial Position.

In 2021, the Company began to issue equity settled awards to plan participants. No cash is payable upon grant or vesting of these awards. No amounts are paid or payable by the recipient on receipt or vesting of the award. Share-based compensation expense for equity settled awards is determined based on the grant date fair value. The fair value is determined based on the Company's stock price. The cost is recognized in expense, together with a corresponding increase in equity, over the period in which the service or performance conditions are fulfilled.

The Company issues both Phantom Stock and equity settled PSU awards. The performance condition is attached to the business reaching internal financial and operational performance targets. The likelihood of meeting these performance targets is evaluated each financial reporting period and the expense is adjusted accordingly.

When the terms of an award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. Additional expense, measured at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee. There were no modifications of the LTIP in 2025, 2024 and 2023.

When an award is cancelled or forfeited by the Company or by the employee, any accrued element of the fair value of the award is reversed immediately through profit or loss.

The total expenses arising from the Company's stock-based compensation transactions recognized in profit or loss during the period were as follows:

	2025	2024	2023
	(In millions)		
Expense (benefit) arising from Phantom Stock Awards	\$ (5)	\$ 3	\$ 5
Expense arising from Equity Classified Awards	<u>24</u>	<u>14</u>	<u>30</u>
	<u>\$ 19</u>	<u>\$ 17</u>	<u>\$ 35</u>



Phantom Stock Awards

The following table shows the phantom RSU activity for the year ended December 31:

	2025		2024		2023	
	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾
Outstanding balance as of January 1	3,345,038	\$ 1.85	3,787,504	\$ 2.22	6,501,863	\$ 1.77
Granted	2,578,431	0.72	867,590	1.64	859,491	2.16
Exercised	(450,923)	2.02	(1,124,366)	2.03	(3,239,934)	2.20
Cancelled/Forfeited	(40,514)	1.74	(185,690)	1.82	(333,916)	2.01
Outstanding and exercisable balance as of December 31	<u>5,432,032</u>	<u>1.36</u>	<u>3,345,038</u>	<u>1.85</u>	<u>3,787,504</u>	<u>2.22</u>
Vested and exercisable as of December 31	<u>2,365,859</u>	<u>\$ 1.88</u>	<u>2,004,402</u>	<u>\$ 1.93</u>	<u>2,553,489</u>	<u>\$ 2.09</u>

- (1) The number granted represents the number of shares upon which cash settlement will be determined subject to three-year service period.
- (2) Fair value was determined based on stock price at the date of grant and exchange rate as of December 31.

The following table shows the phantom PSU activity for the year ended December 31:

	2025		2024		2023	
	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾
Outstanding balance as of January 1	3,066,876	\$ 1.83	5,658,585	\$ 2.22	14,430,850	\$ 1.77
Granted	160,709	0.72	66,282	1.81	22,167	2.17
Exercised	(239,227)	1.53	(2,616,738)	1.63	(8,616,408)	2.20
Cancelled/Forfeited	(220,758)	1.33	(41,253)	2.32	(178,024)	2.14
Outstanding and exercisable balance as of December 31	<u>2,767,600</u>	<u>1.66</u>	<u>3,066,876</u>	<u>1.83</u>	<u>5,658,585</u>	<u>2.22</u>
Vested and exercisable as of December 31	<u>2,585,278</u>	<u>\$ 1.72</u>	<u>3,045,263</u>	<u>\$ 1.83</u>	<u>5,575,300</u>	<u>\$ 1.89</u>

- (1) The number granted represents the number of shares upon which cash settlement will be determined assuming the Company performs at the target performance level in each year of the three-year performance period.
- (2) Fair value was determined based on stock price at the date of grant and exchange rate as of December 31.



The carrying amount of the liability relating to the Phantom Awards as of December 31, 2025, 2024 and 2023 was \$7 million, \$9 million and \$20 million, respectively. The total intrinsic value related to Phantom Awards that were vested and exercisable as of December 31, 2025, 2024 and 2023 was \$4 million, \$7 million and \$18 million, respectively.

Equity Classified Awards

The following table shows the equity classified RSU activity for the year ended December 31:

	2025		2024		2023	
	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾
Outstanding balance as of January 1	25,583,208	\$ 1.86	22,247,434	\$ 2.24	15,852,858	\$ 2.50
Granted	37,536,202	0.72	15,210,374	1.75	13,912,633	2.05
Exercised	(10,985,736)	1.86	(9,783,588)	2.19	(6,217,450)	2.50
Cancelled/Forfeited	(3,468,120)	1.41	(2,091,012)	1.98	(1,300,607)	2.42
Outstanding as of December 31	48,665,554	\$ 0.98	25,583,208	\$ 1.86	22,247,434	\$ 2.24

(1) The number granted represents the number of shares issuable upon vesting of service-based restricted stock units.

(2) Fair value was determined based on stock price at the date of grant and exchange rate as of December 31.

The following table shows the equity classified PSU activity for the year ended:

	2025		2024		2023	
	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾	Number of Awards ⁽¹⁾	Weighted Average Grant Date Fair Value ⁽²⁾
Outstanding balance as of January 1	13,998,357	\$ 2.04	11,384,555	\$ 2.33	7,506,475	\$ 2.50
Granted	15,461,880	0.72	7,595,156	1.76	4,688,081	2.04
Exercised	-	-	(4,619,424)	2.72	(27,429)	2.48
Cancelled/Forfeited	(4,471,632)	1.88	(361,930)	2.19	(782,572)	2.48
Outstanding as of December 31	24,988,605	\$ 1.16	13,998,357	\$ 2.04	11,384,555	\$ 2.33

(1) The number granted represents the number of shares issuable upon vesting of performance-based restricted stock units, assuming the Company performs at the target performance level in each year of the three-year performance period.

(2) Fair value was determined based on stock price at the date of grant and exchange rate as of December 31.

The fair-value of the equity classified awards as of December 31, 2025, 2024 and 2023 was \$27 million, \$36 million and \$66 million, respectively.



24. Related party balances and transactions

The Company recognized revenues from related parties for the years ended 2025, 2024 and 2023 of \$3 million, \$5 million and \$5 million, respectively, and expenses to related parties for the years ended 2025, 2024 and 2023 of \$3 million, \$4 million and \$5 million, respectively. Amounts due to and due from related parties for the years ended 2025, 2024 and 2023 were not material.

Incentive and termination benefits paid to key members of management for the years ended December 31 was as follows:

	2025	2024 (In millions)	2023
Short-term and Long-term incentive benefits	\$ 19	\$ 19	\$ 20
Termination benefits	<u>-</u>	<u>-</u>	<u>2</u>
	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 22</u>

25. Cost of sales and operating expenses

A breakdown of the Company's expenses for the years ended December 31 are shown in the tables below:

Cost of sales:

	2025	2024 (In millions)	2023
Raw material and other consumable goods	\$ 3,652	\$ 3,578	\$ 4,116
Labor cost	837	722	620
Manufacturing expenses	600	555	402
Freight	435	450	454
Depreciation	<u>469</u>	<u>453</u>	<u>440</u>
	<u>\$ 5,993</u>	<u>\$ 5,758</u>	<u>\$ 6,032</u>

Selling and development expenses:

	2025	2024 (In millions)	2023
Salaries, wages and other travel expenses	\$ 358	\$ 361	\$ 370
External services	72	69	73
Advertising and marketing	34	32	33
Depreciation	32	30	23
Sales commissions	30	23	32
Amortization	28	30	28
Insurance	6	6	6
Repair and maintenance	5	8	8
Leases	5	13	12
Allowance for doubtful accounts	4	4	4
Taxes and fees	2	2	3
Others	<u>16</u>	<u>25</u>	<u>30</u>
	<u>\$ 592</u>	<u>\$ 603</u>	<u>\$ 622</u>



Administrative expenses:

	2025	2024	2023
		(In millions)	
Salaries, wages and other benefits	\$ 285	\$ 303	\$ 344
External services	133	132	156
Amortization	99	97	93
Depreciation	21	25	24
Insurance	21	18	17
Taxes and fees	18	17	16
Repair and maintenance	7	6	6
Leases	5	6	8
Related-party administrative services	-	1	1
Others	<u>50</u>	<u>37</u>	<u>16</u>
	<u>\$ 639</u>	<u>\$ 642</u>	<u>\$ 681</u>

Other (income) and expenses, net:

	2025	2024	2023
		(In millions)	
Expenses:			
Legal provisions	\$ 19	\$ 39	\$ 4
Extraordinary taxes	3	1	11
Loss on sale of fixed assets, net	-	-	5
Insurance claims	-	4	1
Donations	3	2	1
Accelerated depreciation	-	24	-
Asset impairments	-	2	8
Restructuring	46	17	3
Others	<u>33</u>	<u>21</u>	<u>5</u>
	104	110	38
Income:			
Gain on sale of waste materials	(2)	(2)	(2)
Gain on sale of fixed assets, net	(15)	(4)	-
Recovery of taxes	(4)	(9)	(4)
Recovery of insurance claims	(27)	(2)	(1)
Investments	(12)	-	-
License income	(2)	-	-
Others	<u>(21)</u>	<u>(26)</u>	<u>(11)</u>
	<u>(83)</u>	<u>(43)</u>	<u>(18)</u>
Other expenses, net	<u>\$ 21</u>	<u>\$ 67</u>	<u>\$ 20</u>

26. Income tax

The Company is subject to income tax in Mexico at a statutory corporate income tax rate of 30% for fiscal years 2025, 2024 and 2023, and expect it will remain the same in subsequent years.

Beginning with the 2014 Tax Reform in Mexico, the tax consolidation regime was eliminated. As a result of the deconsolidation, the Company is required to remit income tax that was previously deferred over a ten-year period. The Company made the final deferred payment of \$1 million in 2023.



Subsequent to the changes in the tax consolidation regime, the Mexico Income Tax Law (MILT) provided an alternate tax consolidation regime that allows companies the option to pay income tax under a tax incorporation regime. This new tax incorporation regime allows companies to benefit from a three-year deferral of income tax remittances, adjusted for inflation.

The Company and its subsidiaries in Mexico opted to follow to this new incorporation regime, and as a result they have calculated income tax payable for 2025, 2024 and 2023 on a joint basis. The deferred income tax liability under the incorporation regime is presented as part of the Income tax line included in non-current liabilities on the Consolidated Statements of Financial Position.

Income tax is based on taxable profit, which differs from the profit reported in the Consolidated Statements of Profits, primarily due to non-deductible expenses, non-taxable income, and other reconciling items pursuant to applicable tax laws. The Company's liability for current income tax payable is calculated using the tax rates enacted or substantially enacted by the end of the reporting period in the countries in which the Company and its subsidiaries operate.

Income tax rates:

The statutory income tax rates applicable in 2025 in the countries where the Company operates are as follows:

Country	%	Country	%
Argentina	**35	Mexico	30
Australia	30	Morocco	32
Austria	24	New Zealand	28
Belgium	25	Nicaragua	30
Brazil	34	Norway	22
Canada	*27	Oman	15
Chile	27	Panama	25
China	25	Peru	30
Colombia	35	Poland	19
Costa Rica	30	Republic of Serbia	15
Czech Republic	19	Romania	16
Denmark	22	Russia	20
Ecuador	25	Rwanda	30
El Salvador	30	Singapore	17
Estonia	20	Slovakia	21
Finland	20	South Africa	28
France	25	Spain	25
Germany	*34	Sweden	21
Greece	22	Switzerland	*21
Guatemala	25	Taiwan	20
Honduras	25	Thailand	20
Hungary	9	The Netherlands	26
India	**25	Turkey	25
Indonesia	22	Ukraine	18
Ireland	13	United Arab Emirates	9
Israel	23	United Kingdom	25
Italy	24	United States of America	21
Japan	31	Uruguay	25
Kenya	30	Uzbekistan	15
Lithuania	16	Vietnam	20



* Tax rate is a blended effective tax rate comprised of both a federal tax and a local tax. The actual blended rate can vary depending upon the particular municipality, province, or canton, with each having differing tax rates within the particular country.

** Tax rate is based upon progressive rates. The actual effective rate can vary depending upon the amount of taxable income and the corresponding tax brackets that apply

Deferred taxes:

The main items that give rise to the deferred income tax liability as of December 31, are as follows:

	2025	2024	2023
	(En millones)		
Property, plant and equipment	\$ (217)	\$ (195)	\$ (196)
Intangible assets	(216)	(217)	(254)
Liabilities deductible upon payment	57	36	64
Tax loss carryforwards	107	187	160
Disallowed interest expense carryforwards	191	285	2
Tax credit carryforwards	94	17	19
Other	45	42	20
Net deferred tax asset (liability)	<u>61</u>	<u>155</u>	<u>(185)</u>
Deferred tax asset	<u>\$ 402</u>	<u>\$ 499</u>	<u>\$ 174</u>
Deferred tax liability	<u>\$ 341</u>	<u>\$ 344</u>	<u>\$ 359</u>

An analysis of changes in the net deferred tax asset and liability for the years ended December 31, 2025, 2024 and 2023 is as follows:

	2025	2024	2023
	(In millions)		
Beginning balance	\$ 155	\$ (185)	\$ (176)
Income tax provision recognized in profit or loss	(99)	328	12
Business combinations			(22)
Foreign currency translation reserve	(2)	(1)	2
Effect on equity of components of other comprehensive income	7	13	(1)
	<u>\$ 61</u>	<u>\$ 155</u>	<u>\$ (185)</u>



Reconciliation of tax rates:

A reconciliation of the statutory income tax rate to the effective income tax rate expressed in amounts for the years ended December 31, 2025, 2024 and 2023 and as a percentage of profit before income tax is as follows:

	2025	%	2024 (In millions)	%	2023	%
Profit before income tax	\$ (68)		\$ 96		\$ 485	-
Income tax at statutory tax rate of 30%	(20)	30.00%	29	30.00%	145	30.00%
Rate differential:						
Earnings taxed at rates other than Mexico statutory tax rate	(11)	16.18%	(21)	(21.88%)	(36)	(7.47%)
Cumulative annual inflation adjustment	42	(61.76%)	6	6.25%	58	11.94%
Non-taxable revenue	(30)	44.12%	(27)	(28.13%)	(24)	(5.01%)
Non-deductible expenses	25	(36.76%)	26	27.08%	18	3.65%
Change in unrecognized deferred tax assets	61	(89.71%)	31	32.29%	0	0.10%
Effect of changes on statutory tax rate	0	0.00%	1	1.46%	0	0.01%
Other taxes	18	(26.47%)	14	14.58%	6	1.18%
Non-deductible goodwill disposal	14	(20.59%)	-	-	-	-
Dividends from foreign operations	66	(97.06%)	9	9.38%	10	1.97%
Foreign exchange gain or loss and translation effect, net	116	(170.59%)	(198)	(206.25%)	134	27.66%
Uncertain tax position	5	(7.35%)	(2)	(2.08%)	14	2.84%
Change in prior year estimates	9	(13.24%)	(1)	(1.04%)	4	1.00%
Others	(4)	5.29%	6	6.25%	0	0%
Total rate differentials	<u>311</u>	<u>(457.94%)</u>	<u>(156)</u>	<u>(161.76%)</u>	<u>184</u>	<u>37.87%</u>
Total income tax	<u>\$ 291</u>	<u>(427.94%)</u>	<u>\$ (127)</u>	<u>(131.76%)</u>	<u>\$ 329</u>	<u>67.87%</u>
Current income tax	\$ 193		\$ 201		\$ 341	
Deferred income tax	<u>98</u>		<u>(328)</u>		<u>(12)</u>	
Total income tax	<u>\$ 291</u>		<u>\$ (127)</u>		<u>\$ 329</u>	

The Company has net operating tax losses for which it has recognized the corresponding deferred tax asset. Such losses may be carried forward and used against taxable profit of future years if certain requirements are met. The expiration dates of these net operating tax losses as of December 31, 2025 are as follows:

Year of expiration	Tax loss carryforwards (In millions)	Interest expense carryforward	Capital loss carryforward
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	6	-	-
2030	2	-	-
2031	4	-	-
2032	4	-	4
2033	21	-	38
2034	124	614	686
2035	67	29	-
Long term	473	-	-
No expiration	<u>191</u>	<u>-</u>	<u>-</u>
	<u>\$ 892</u>	<u>\$ 643</u>	<u>\$ 728</u>

As of December 31, 2025, the Company has tax losses of \$468 million and capital loss of \$728 for which it did not recognize a deferred tax asset, since it is not probable that future taxable profit will be available for recovery of such tax losses.



Certain taxing authorities may limit the annual deduction of interest expense. Interest expense that is not deductible due to these limitations may be carried forward to future years. As of December 31, 2025 the Company had unused business interest expense of \$641 million for which it recognized a deferred tax asset since it is probable that these deferred tax assets will be recoverable in the future.

In May 2024, the International Accounting Standards Board (IASB) published final amendments to IAS 12 *Income Taxes* related to Pillar II Minimum Tax. These IAS 12 amendments provide companies with a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and new disclosures. The amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar II model rules which the Company has taken and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar II income taxes arising from that legislation, particularly before its effective date.

The Pillar Two Global Anti-Base Erosion (GloBE) rules, which impose a 15% global minimum tax on multinational groups with consolidated revenues in excess of EUR 750 million, have been assessed by management. The assessment concluded that the adoption of these rules is not expected to have a material impact on the Group's financial results.

27. Contingencies

From time to time the Company is party to certain legal matters, including those discussed further below.

Natural Gas Distribution Matter

On April 20, 2021, Dura-Line Corporation's natural gas distribution business paused shipment and sales of small diameter, defined as 1.5 inch and smaller, natural gas distribution (NGD) pipe sold for use primarily in the United States, in order to investigate a potential quality issue. This issue does not impact Dura-Line's Datacom conduit products.

The natural gas distribution business, now operated through PolyPipe LLC ("PolyPipe"), conducted an analysis and determined that the issue occurred intermittently and estimates it impacted less than 1% of the small diameter NGD pipe produced by Dura-Line at its plant in Gainesville, Texas. Based on the analysis to date, management believes it is highly unlikely that any possibly affected pipe poses a risk of a near-term performance issue.

Following the shipment and sales pause noted above, Polypipe resumed shipping and sale of small diameter NGD pipe at its plant in Erwin, Tennessee with enhanced monitoring, production, and quality processes. In March 2025 PolyPipe settled all claims related to this matter.

Ethylene Matter

In 2023 Shell Chemicals Europe B.V. ("Shell") made a claim for damages against several companies, including Orbia and its Vestolit GmbH affiliate ("the Companies"), in the Dutch courts relating to infringements of competition law on the ethylene purchasing market, for which the European Commission imposed fines in July 2020. Shell is alleging damages against the defendants on a joint and several basis in an aggregate amount of 1.1 billion Euros. As of January, 2026 a total of thirteen claimants – each a producer of ethylene and/or ethylene derivative products - have brought or are about to bring follow-on damages claims, for which the defendants are each jointly and severally liable in (i) the Netherlands: Shell (March 2023, appx. 1.1B Euro); Repsol (November 2023, unspecified damages); TotalEnergies (February 2025, over 600M Euro); OMV (May 2025, appx. 1B Euro); Lyondell-Bissell (July 2025, appx. 1.6 B Euro); Borealis (July 2025, unspecified damages) and Versalis (January 2026, unspecified damages); and (ii) Germany: Dow, Inc. (March 2025, appx. 1.5 B); BASF (December 2024, over 900M Euro); Exxon-Mobil (July 2025, appx. 1B Euro); BP (August 2025, appx. 1B Euro); MOL (September 2025, appx. 550M Euro) and Braskem (September 2025, appx. 612M Euro). The foregoing claim amounts do not include interest. Other plaintiffs may bring further claims before statute of limitations expires in July, 2026.



The Company believes these claims lack merit based on various legal considerations and substantial economic evidence and intends to vigorously defend itself. There are limited precedents from Dutch and German courts that could provide guidance as to the manner in which any potential liability may be determined and the ultimate outcome of these proceedings is therefore uncertain. The Companies are one of four co-defendants. Based on currently available information, the Companies expect that damages ultimately awarded, if any, would be significantly less than the aggregate amounts claimed.

Wolkaite Project

Netafim Ltd. is currently engaged in a government irrigation project in the Tigray region of Ethiopia called (the Wolkaite project), which is in an advanced stage. The customer is the Ethiopian Sugar Corporation (the ESC). Due to civil unrest, a state of emergency has been in effect in the region since November 4, 2020. In late November 2020, Netafim notified the ESC, the Lender, insurers, and other concerned parties that an event of force majeure had occurred as a result of the ongoing civil unrest, suspending Netafim’s obligations under the project agreement.

Under the original project agreement, if the force majeure conditions were to continue for an extended period, each of the parties would have the right to terminate said agreement. On July 1, 2021, the parties entered into a Memorandum of Understanding (the MOU) which suspended until December 31, 2021, the right to cancel the project agreement due to an ongoing force majeure event. The MOU also establishes a period for the parties to assess the condition of the project and to try to reach an agreement to resume the project. At present, as has been publicly reported, Ethiopian government agencies and other parties are engaged with lender groups such as the Paris Group to restructure significant amounts of Ethiopian debt. In this context, pending the successful restructuring of such debt the ESC has failed to make the final payments under the relevant project agreements. All parties are cooperating and monitoring the situation. In addition to potential costs arising from delays to the project and possible damage to the existing project, it is possible that Netafim could incur additional liabilities under certain scenarios.

Other Matters

In December 2024 Mexichem Fluor Comercial, S.A. de C.V. (“MF”) a subsidiary of Fluor & Energy Materials business group settled a \$40 million litigation matter from 2016 as a result of a tolling arrangement entered into in 2013. The Company recognized a charge of \$34 million in Other (income) expenses, net on the Consolidated Statements of Profit in 2024 related to this matter.

In addition to the matters discussed above, the Company is part to litigation that it considers to be routine and incidental to the business. The Company does not expect the results of any of these litigation matters to have a material effect on the Company’s business, results of operations, financial condition or cash flows.

28. Hyperinflationary Economies

As discussed in Note 4, the Company adjusts its results for its subsidiaries that operate in hyperinflationary economies in accordance with IAS 29.

Turkey has been classified as a hyperinflationary economy since June 30, 2022. The Company’s operations in Turkey were restated using the inflation rates derived from the consumer price index published by the Turkish Statistical Institute, and were 44%, 65%, and 64% in 2025, 2024 and 2023 respectively. As of December 31, 2025, 2024 and 2023 the official exchange rates of 43, 35, and 30 Turkish lira per U.S. dollar respectively, were used to translate the balances shown in the table below.

<i>Turkey</i>	2025	2024	2023
	(In millions)		
Total assets	\$ 133	\$ 124	\$ 114
Equity	49	31	28
Net sales	<u>149</u>	<u>160</u>	<u>166</u>
Net profit (loss)	<u>\$ (5)</u>	<u>\$ (3)</u>	<u>\$ (10)</u>



Argentina has been classified as a hyperinflationary economy since July 1, 2018. The Company's operations in Argentina were restated using the inflation rates derived from the consumer price index published by the National Institute of Statistics and Censuses of the Argentine Republic (INDEC), and were 32%, 118%, and 211% in 2025, 2024, 2023, respectively. As of December 31, 2025, 2024 and 2023, the official exchange rates of 1,455, 1,032, and 808 Argentinian pesos per U.S. dollar, respectively, were used to translate the balances shown in the table below.

<i>Argentina</i>	2025	2024	2023
	(In millions)		
Total assets	\$ 32	\$ 40	\$ 35
Equity	15	20	17
Net sales	<u>36</u>	<u>43</u>	<u>52</u>
Net profit	<u>\$ (3)</u>	<u>\$ (10)</u>	<u>\$ 1</u>

Venezuela had been classified as a hyperinflationary economy since December 31, 2017. The Company's operations in Venezuela have been restated using the annual inflation rates published by the Central Bank of Venezuela, and were 172%, 24%, and 190% in 2025, 2024 and 2023, respectively. The Company disposed of its operations in Venezuela in fiscal year 2025. As of December 31, 2024 and 2023, the Company used an exchange rate of 52 million, and 415 million Venezuelan bolivar per U.S. dollar, respectively.

The effect of the restatement of the financial statements of the Company's operations in Turkey, Argentina and Venezuela, was expense of \$4 million, \$11 million, and \$11 million for 2025, 2024 and 2023, respectively, recorded in the Monetary position loss line of the Consolidated Statements of Profit.

29. Segment Information

The Company has determined its reportable segments as described in Note 4. As described in Note 1, the Company's reportable segments are its five business groups: Building & Infrastructure (Wavin), Connectivity Solutions (Dura-Line), Precision Agriculture (Netafim), Fluor & Energy Materials (Koura) and Polymer Solutions (Vestolit and Alphagary).

The main products of each of the segments are:

- **Building and Infrastructure:** Water management solutions for the building and infrastructure industry, providing sustainable customer solutions for drinking water, sanitation, climate-resilient cities and better building performance.
- **Connectivity Solutions:** Telecommunications conduit, cable-in-conduit, and other high density polyethylene (HDPE) accessories. Data-driven design of complex fiber-optic networks and other connectivity solutions for the telecommunications, data center, transportation, and electrical markets.
- **Precision Agriculture:** Precision irrigation (drippers, drip lines, sprinklers, filters, etc.), and services and digital farming technologies.
- **Fluor & Energy Materials:** Acid grade and metallurgical grade fluorine, hydrofluoric acid, aluminum fluoride, medical propellants, refrigerants and energy materials.
- **Polymer Solutions:** General purpose and specialty PVC resins (polyvinyl chloride), PVC and zero halogen specialty compounds and additives, caustic soda and chlorine.



Below is a summary of the consolidated financial statements for each reportable segment:

Year ended December 31, 2025	Polymer Solutions	Fluor & Energy Materials	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Net sales	\$ 2,420	\$ 958	\$ 2,462	\$ 918	\$ 1,095	\$ -	\$ (234)	\$ 7,619
Cost of sales	2,195	651	1,860	721	797	-	(231)	5,993
Gross profit	225	307	602	197	298	-	(3)	1,626
General expenses	232	109	498	126	272	17	(2)	1,252
Royalties	47	8	19	33	-	(107)	-	-
Foreign exchange (gain)/loss, net	(14)	1	(14)	(1)	7	39	(2)	16
Interest expense	48	(9)	34	9	35	279	(1)	395
Interest income	(8)	(4)	(29)	(6)	(3)	(6)	1	(55)
Loss on sale of a business	-	-	71	-	-	-	-	71
Change in fair value of redeemable non-controlling interests	18	-	-	-	-	(1)	-	17
Monetary position loss	-	-	4	-	-	-	-	4
Share of gain of subsidiaries and associates	(3)	-	(3)	-	-	-	-	(6)
Impairment of goodwill	-	-	-	-	-	-	-	-
Profit before income tax	(95)	202	22	36	(13)	(221)	1	(68)
Income tax	4	52	69	12	11	143	-	291
Consolidated net profit	\$ (99)	\$ 150	\$ (47)	\$ 24	\$ (24)	\$ (364)	\$ 1	\$ (359)
Year ended December 31, 2024	Polymer Solutions	Fluor & Energy Materials	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Net sales	\$ 2,529	\$ 862	\$ 2,497	\$ 839	\$ 1,038	\$ 112	\$ (371)	\$ 7,506
Cost of sales	2,174	565	1,886	641	750	-	(258)	5,758
Gross profit	355	297	611	198	288	112	(113)	1,748
General expenses	265	137	482	136	281	122	(113)	1,310
Royalties	48	8	19	28	-	(101)	-	2
Foreign exchange (gain)/loss, net	18	7	50	4	29	(93)	-	15
Interest expense	44	(7)	32	13	41	273	-	396
Interest income	(10)	(6)	(38)	(6)	(4)	(8)	-	(72)
Change in fair value of redeemable non-controlling interests	15	-	-	-	-	(25)	-	(10)
Monetary position loss	-	-	11	-	-	-	-	11
Share of gain of subsidiaries and associates	(1)	4	(3)	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-
Profit before income tax	(24)	154	58	23	(59)	(56)	-	96
Income tax	(45)	70	71	13	(17)	(219)	-	(127)
Consolidated net profit	\$ 21	\$ 84	\$ (13)	\$ 10	\$ (42)	\$ 163	\$ -	\$ 223
Year Ended December 31, 2023	Polymer Solutions	Fluorinated Solutions	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Net sales	\$ 2,699	\$ 918	\$ 2,678	\$ 1,125	\$ 1,063	\$ 162	\$ (441)	\$ 8,204
Cost of sales	2,323	499	2,028	688	764	-	(270)	6,032
Gross profit	376	419	650	437	299	162	(171)	2,172
General expenses	248	122	508	158	286	239	(238)	1,323
Royalties	42	8	3	14	-	(67)	-	-



Year Ended December 31, 2023	Polymer Solutions	Fluorinated Solutions	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Foreign exchange (gain)/loss, net	(29)	(4)	(14)	(2)	9	105	-	65
Interest expense	46	-	46	27	29	311	(70)	389
Interest income	(4)	(9)	(56)	(14)	13	(93)	70	(93)
Change in fair value of redeemable non-controlling interests	14	-	(70)	-	-	50	-	(6)
Monetary position loss	-	-	12	-	(1)	-	-	11
Share of gain of subsidiaries and associates	(3)	-	(56)	57	-	(353)	353	(2)
Impairment of goodwill	-	-	-	-	-	-	-	-
Profit before income tax	<u>62</u>	<u>302</u>	<u>277</u>	<u>197</u>	<u>(37)</u>	<u>(30)</u>	<u>(286)</u>	<u>485</u>
Income tax	<u>7</u>	<u>68</u>	<u>54</u>	<u>67</u>	<u>4</u>	<u>127</u>	<u>2</u>	<u>329</u>
Consolidated net profit	<u>\$ 55</u>	<u>\$ 234</u>	<u>\$ 223</u>	<u>\$ 130</u>	<u>\$ (41)</u>	<u>\$ (157)</u>	<u>\$ (288)</u>	<u>\$ 156</u>

As of December 31, 2025
(In millions)

	Polymer Solutions	Fluorinated Solutions	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 192	\$ 231	\$ 291	\$ 156	\$ 76	\$ 94	\$ -	\$ 1,040
Accounts receivable, net	441	199	478	142	301	5	-	1,566
Other current assets	<u>459</u>	<u>381</u>	<u>535</u>	<u>68</u>	<u>230</u>	<u>463</u>	<u>(970)</u>	<u>1,166</u>
Total current assets	1,092	811	1,304	366	607	562	(970)	3,772
Property, plant and equipment	1,600	655	628	240	205	1	-	3,329
Other assets	<u>1,121</u>	<u>425</u>	<u>1,357</u>	<u>514</u>	<u>1,265</u>	<u>6,902</u>	<u>(7,614)</u>	<u>3,970</u>
Total assets	<u>\$ 3,813</u>	<u>\$ 1,891</u>	<u>\$ 3,289</u>	<u>\$ 1,120</u>	<u>\$ 2,077</u>	<u>\$ 7,465</u>	<u>\$ (8,584)</u>	<u>\$ 11,071</u>
Current liabilities:								
Bank loans and current portion of long-term debt	\$ 373	\$ -	\$ 64	\$ -	\$ 257	\$ 306	\$ (724)	\$ 276
Suppliers and letters of credit	571	63	310	156	127	13	(2)	1,238
Other current liabilities	<u>255</u>	<u>121</u>	<u>499</u>	<u>61</u>	<u>201</u>	<u>77</u>	<u>(241)</u>	<u>973</u>
Total current liabilities	1,199	184	873	217	585	396	(967)	2,487
Bank loans and long-term debt	-	-	3	-	122	4,418	-	4,543
Other long-term liabilities	<u>454</u>	<u>185</u>	<u>255</u>	<u>117</u>	<u>184</u>	<u>290</u>	<u>(89)</u>	<u>1,396</u>
Total liabilities	<u>1,653</u>	<u>369</u>	<u>1,131</u>	<u>334</u>	<u>891</u>	<u>5,104</u>	<u>(1,056)</u>	<u>8,426</u>
Total equity	<u>\$ 2,160</u>	<u>\$ 1,522</u>	<u>\$ 2,158</u>	<u>\$ 786</u>	<u>\$ 1,186</u>	<u>\$ 2,361</u>	<u>\$ (7,528)</u>	<u>\$ 2,645</u>

As of December 31, 2024
(In millions)

	Polymer Solutions	Fluorinated Solutions	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 268	\$ 162	\$ 220	\$ 186	\$ 77	\$ 96	\$ -	\$ 1,009
Accounts receivable, net	453	168	415	110	282	20	-	1,448
Other current assets	<u>457</u>	<u>359</u>	<u>553</u>	<u>66</u>	<u>217</u>	<u>505</u>	<u>(1,004)</u>	<u>1,153</u>
Total current assets	1,178	689	1,188	362	576	621	(1,004)	3,610
Property, plant and equipment	1,670	530	618	240	211	2	-	3,271
Other assets	<u>1,376</u>	<u>355</u>	<u>1,250</u>	<u>850</u>	<u>1,295</u>	<u>7,184</u>	<u>(8,134)</u>	<u>4,176</u>
Total assets	<u>\$ 4,224</u>	<u>\$ 1,574</u>	<u>\$ 3,056</u>	<u>\$ 1,452</u>	<u>\$ 2,082</u>	<u>\$ 7,807</u>	<u>\$ (9,138)</u>	<u>\$ 11,057</u>



As of December 31, 2024 (In millions)								
	Polymer Solutions	Fluorinated Solutions	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Current liabilities:								
Bank loans and current portion of long-term debt	\$ 254	\$ -	\$ 78	\$ 7	\$ 182	\$ 631	\$ (604)	\$ 548
Suppliers and letters of credit	584	66	319	125	116	8	(2)	1,216
Other current liabilities	<u>206</u>	<u>89</u>	<u>418</u>	<u>82</u>	<u>284</u>	<u>180</u>	<u>(395)</u>	<u>864</u>
Total current liabilities	1,044	155	815	214	582	819	(1,001)	2,628
Bank loans and long-term debt	-	-	4	-	101	3,973	-	4,078
Other long-term liabilities	<u>564</u>	<u>148</u>	<u>356</u>	<u>371</u>	<u>187</u>	<u>432</u>	<u>(687)</u>	<u>1,371</u>
Total liabilities	<u>1,608</u>	<u>303</u>	<u>1,175</u>	<u>585</u>	<u>870</u>	<u>5,224</u>	<u>(1,688)</u>	<u>8,077</u>
Total equity	<u>\$ 2,616</u>	<u>\$ 1,271</u>	<u>\$ 1,881</u>	<u>\$ 867</u>	<u>\$ 1,212</u>	<u>\$ 2,583</u>	<u>\$ (7,450)</u>	<u>\$ 2,980</u>
As of December 31, 2023 (In millions)								
	Polymer Solutions	Fluorinated Solutions	Building & Infrastructure	Connectivity Solutions	Precision Agriculture	Controlling Company	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 337	\$ 191	\$ 306	\$ 282	\$ 66	\$ 274	\$ -	\$ 1,456
Accounts receivable, net	606	347	522	131	299	267	(711)	1,461
Other current assets	321	167	485	65	209	7	(1)	1,253
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>1,264</u>	<u>705</u>	<u>1,313</u>	<u>478</u>	<u>574</u>	<u>548</u>	<u>(712)</u>	<u>4,170</u>
Property, plant and equipment	1,769	480	652	252	216	1	-	3,370
Other assets	<u>847</u>	<u>295</u>	<u>1,547</u>	<u>640</u>	<u>1,335</u>	<u>7,568</u>	<u>(8,220)</u>	<u>4,012</u>
Total assets	<u>\$ 3,880</u>	<u>\$ 1,480</u>	<u>\$ 3,512</u>	<u>\$ 1,370</u>	<u>\$ 2,125</u>	<u>\$ 8,117</u>	<u>\$ (8,932)</u>	<u>\$ 11,552</u>
Current liabilities:								
Bank loans and current portion of long-term debt	\$ -	\$ -	\$ 105	\$ -	\$ 248	\$ 396	\$ (283)	\$ 466
Suppliers and letters of credit	642	76	277	115	112	7	(1)	1,228
Other current liabilities	<u>171</u>	<u>130</u>	<u>459</u>	<u>82</u>	<u>237</u>	<u>78</u>	<u>(314)</u>	<u>843</u>
Total current liabilities	813	206	841	197	597	481	(598)	2,537
Bank loans and long-term debt	2	-	9	-	16	4,393	-	4,420
Other long-term liabilities	<u>654</u>	<u>119</u>	<u>423</u>	<u>438</u>	<u>233</u>	<u>499</u>	<u>(989)</u>	<u>1,377</u>
Total liabilities	<u>1,469</u>	<u>325</u>	<u>1,273</u>	<u>635</u>	<u>846</u>	<u>5,373</u>	<u>(1,587)</u>	<u>8,334</u>
Total equity	<u>\$ 2,411</u>	<u>\$ 1,155</u>	<u>\$ 2,239</u>	<u>\$ 735</u>	<u>\$ 1,279</u>	<u>\$ 2,744</u>	<u>\$ (7,345)</u>	<u>\$ 3,218</u>

Additional Company segment information for the years ended December 31, 2025, 2024 and 2023 is presented below.

	Direct additions to property, plant and equipment			Depreciation and amortization		
	2025	2024	2023	2025	2024	2023
	(In millions)			(In millions)		
Polymer Solutions	\$ 85	\$ 115	\$ 155	\$ 255	\$ 266	\$ 253
Fluor & Energy Materials	173	110	178	72	74	57
Building & Infrastructure	73	117	85	142	144	142
Connectivity Solutions	34	23	125	60	46	48
Precision Agriculture	40	39	46	109	119	105
Controlling Company	-	1	-	11	10	5
	<u>\$ 405</u>	<u>\$ 405</u>	<u>\$ 589</u>	<u>\$ 649</u>	<u>\$ 659</u>	<u>\$ 610</u>



Sales by geographical region:

Sales by country or regional area where customers are located is presented for the years ended December 31, 2025, 2024 and 2023 is as follows:

Country or regional where customers are located	2025	2024	2023
U.S.A.	\$ 1,826	\$ 1,766	\$ 2,092
Northwest Europe	1,074	1,042	1,176
Southwest Europe	899	847	889
Africa, Middle East and Asia	865	875	896
Brazil	779	657	609
México	671	771	877
Central and Eastern Europe	300	299	268
Colombia	263	275	307
Central America	216	234	238
Perú	161	153	171
Southeast Europe	140	147	154
Canada	136	137	205
Ecuador	107	105	109
Israel	41	34	33
Argentina	40	46	55
Chile	34	41	44
Other Rest of the world countries	67	77	81
Total	<u>\$ 7,619</u>	<u>\$ 7,506</u>	<u>\$ 8,204</u>

Long-lived Assets

Long lived assets by country or regional area where assets are located as of December 31 for each of the periods presented is as follows:

Country or region where assets are located	2025	2024	2023
		(In millions)	
U.S.A.	\$ 1,898	\$ 1,942	\$ 2,012
Mexico	1,514	1,473	1,458
Israel	1,222	1,272	1,335
Northwest Europe	795	837	914
Southwest Europe	372	318	331
Colombia	235	236	257
Africa, Middle East and Asia	199	235	227
Central and Eastern Europe	142	100	108
Brazil	104	98	106
Other	<u>74</u>	<u>76</u>	<u>89</u>
Central America	52	58	60
Peru	51	57	60
Ecuador	19	21	23
Southeast Europe	6	7	8
Total	<u>\$ 6,683</u>	<u>\$ 6,730</u>	<u>\$ 6,988</u>

Long-lived assets include right-of-use assets; property, plant and equipment; intangible assets and goodwill.



30. Approval of Issuance of the Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2025, were approved by the Audit Committee and Board of Directors at meetings held on February 20 and 23, 2025, respectively, and do not reflect events that might have occurred after February 23, 2025.

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