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الرياض - حي العليا - طريق العروبة

مبنى رقم ٣١٩٣ ، الطابق الأول

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Northern Region Cement Company (A Saudi Joint Stock Company)

Opinion

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

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and professional Accountants (“SOCPA”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. 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.

Key audit matters	How our audit addressed the key audit matters
<p>Goodwill impairment: As of December 31, 2025, the carrying amount of goodwill amounted to SAR 506.9 million (December 31, 2024: SAR 506.9 million). Management performed its annual goodwill impairment assessment as of December 31, 2025, in accordance with the requirements of IAS 36 “Impairment of Assets.” Since goodwill is allocated to the relevant cash-generating units (CGUs), the impairment test was conducted by comparing the carrying amount of each CGU, including goodwill, with its recoverable amount. The recoverable amount for each identified CGU was determined based on the value-in-use calculation. This was performed using a discounted cash flow model that applies cash flow projections derived from management-approved financial budgets covering a five-year period</p>	<p>We performed the following audit procedures to assess the adequacy of management’s impairment evaluation of the carrying amount of goodwill:</p> <ul style="list-style-type: none"> - Evaluated the design and implementation of the Group’s internal control procedures related to the goodwill impairment assessment process. - Assessed the appropriateness of management’s allocation of goodwill to the cash-generating units (CGUs) in accordance with the requirements of IAS 36.

Independent Auditor's Report (Continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Goodwill impairment: (continued)</p> <p>The Group's calculation of value in use for the CGUs involves significant judgments and assumptions related to future cash flow forecasts and discount rates used. These assumptions are highly sensitive to changes, which directly affect the recoverable amount and, consequently, the results of the goodwill impairment test.</p> <p>We considered the impairment assessment of goodwill to be a key audit matter due to the significance of the judgments and assumptions applied in estimating the recoverable amount, as well as the inherent uncertainty related to the underlying forecasts and assumptions used. Please refer to note (6-7) in the accompanying consolidated financial statements for the accounting policy on intangible assets, note (7-6) for significant accounting judgments and estimates related to goodwill impairment, and note (9) for the related disclosures.</p>	<ul style="list-style-type: none"> - Engaged our internal specialists to assist in evaluating the reasonableness of the value-in-use calculation, as well as the reasonableness of the methodology, significant judgments, and underlying assumptions used — including future cash flow forecasts and the discount rates applied. - Assessed the accuracy and relevance of the input data used in the goodwill impairment model by referencing supporting evidence. This included reviewing management-approved budget forecasts and evaluating the reasonableness of these budgets by comparing them to historical results and the Group's performance against prior budgets. - Evaluated the adequacy of disclosures in the consolidated financial statements, including disclosures related to significant assumptions, judgments, and sensitivity analyses.
<p>Existence of inventories:</p> <p>The net inventory balance as of December 31, 2025 amounted to SAR 750.4 million, representing 82% of total current assets and 20% of total assets (December 31, 2024: SAR 681.9 million, representing 79% of total current assets and 19% of total assets). Inventory consists of raw materials and clinker inventories stored in piles at yards and warehouses designated for this purpose. Determining the weight of these inventories is not practically feasible. At year-end, management estimates the quantities on hand by measuring the inventory piles and converting these measurements into volume units using the angle of repose and density factors. To perform this, management appoints an independent surveyor to estimate the quantities at year-end.</p> <p>Additionally, management calculates cost of sales and the year-end inventory value based on incurred costs, quantities produced, and the inventory balance at year-end. Therefore, the existence and valuation of inventory and the cost of sales are directly affected by the inventory counting process described above at year-end. Due to the significance of the inventory balance and the related estimates and assumptions used in determining the quantities of raw materials and clinker inventory, we considered this matter to be a key audit matter.</p> <p>Please refer to note (6-10) in the attached financial statements for the accounting policy on inventory, note (7-1) for significant accounting judgments and estimates related to inventory, and note (12) for the related disclosures.</p>	<p>We have carried out the following procedures regarding the existence of raw material inventory balance and clinker stocks:</p> <ul style="list-style-type: none"> - Evaluated the design and implementation of the Group's internal control procedures related to the inventory accounting process. - Attended the physical inventory count conducted by the Group and the independent surveyor expert. - Assessed the competence, capabilities, and objectivity of the independent surveyor expert appointed by the Group. - Obtained the inventory count report for raw materials and clinker prepared by the independent surveyor expert and reconciled the quantities included in the report with the quantities counted as of 31 December 2025. - Evaluated the adequacy and appropriateness of the disclosures related to inventory in the consolidated financial statements.

Independent Auditor's Report (Continued)

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group's 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, actions taken to eliminate threats or safeguards applied.

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.

RSM Allied Accountants Professional Services



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28 Ramadan 1447 H (Corresponding to 17 March, 2026)

