

Independent auditor's report to the shareholders of National Industrialization Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Industrialization Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, 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 the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matters	• Accounting for acquisitions of Saudi Acrylic Monomers Company ("SAMCO"), Saudi Acrylic Polymers Company ("SAPCO") and Evonik Tasnee Marketing ("ETM") and impairment of resultant goodwill
	• Assessment of impairment of property, plant and equipment, projects under progress and investment in an equity accounted associates and joint ventures

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Independent auditor's report to the shareholders of National Industrialization Company

Our audit approach (Continued)

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
<p>Accounting for acquisitions of Saudi Acrylic Monomers Company ("SAMCO"), Saudi Acrylic Polymers Company ("SAPCO") and Evonik Tasnee Marketing ("ETM") and impairment of resultant goodwill</p> <p>At 31 December 2024, the Group acquired the remaining 25% shares and control of SAMCO, previously a joint venture, to become its 100% owner. The acquisition was accounted for in accordance with IFRS 3 'Business Combinations', that is endorsed in the Kingdom of Saudi Arabia. As required by IFRS 3, the Group has accounted for the acquisition based on provisional fair values of the acquired assets and assumed liabilities as at the acquisition date. The transaction resulted in a net gain of Saudi Riyals 151 million in the consolidated statement of profit or loss. Adjustment to the provisional values will be finalized within 12 months of the date of acquisition as allowed by the IFRS.</p> <p>On 5 December 2023, the Group had acquired a 100% equity interest in an existing joint venture, SAPCO, and an associate, ETM, which were considered as linked and accounted for as a single transaction. The acquisition was accounted for in accordance with IFRS 3 'Business Combinations', that is endorsed in the Kingdom of Saudi Arabia. As required by IFRS 3, the Group had accounted for the acquisition based on provisional fair values of the acquired assets and assumed liabilities as at the acquisition date. Net provisional goodwill amounting to Saudi Riyals 492 million was recognised and provisionally allocated to a group of CGUs within the Petrochemical operating segment, which were expected to benefit from the synergies of the acquisitions.</p> <p>During the year, the Group has finalised the acquisition accounting for SAPCO and ETM, resulting in a final goodwill amount of Saudi Riyals 647 million.</p> <p>IAS 36 'Impairment of assets', that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and indefinite-lived intangible assets to be tested annually, irrespective of whether there is any indication of impairment.</p>	<p>We performed the following procedures:</p> <p>(a) <i>SAMCO acquisition</i></p> <ul style="list-style-type: none"> - Read the share purchase agreement and checked management's determination of the acquisition date; - Obtained and reviewed management's assessment of the provisional fair values of assets acquired and liabilities assumed in the business combination of SAMCO; - With respect to management's provisional fair valuation of the Group's previously held interest in SAMCO, checked the reasonableness of management's assumptions underlying the cash flows such as expected product prices and EBITDA margins with approved business plans; - Evaluated the reasonableness of approved business plans by comparison to historical results; - Performed sensitivity analyses over key assumptions, principally growth rate and discount rate, in order to assess the potential impact of a range of possible outcomes. - With input from internal valuation experts: <ul style="list-style-type: none"> • Assessed the reasonableness of the methodology used to determine the fair values; • Evaluated the reasonableness of the discount rates and terminal growth rates used by cross-checking the underlying assumptions against observable market data; and • Checked the mathematical accuracy of the cash flow models used in the fair valuation. <p>(b) <i>Finalisation of acquisition accounting for SAPCO and ETM</i></p> <ul style="list-style-type: none"> - Obtained and reviewed (i) the purchase price allocation performed by management's expert in respect of the identification and valuation of intangible assets included in the acquisition of SAPCO and ETM (ii) the fair valuation report prepared by management's experts in respect of the property, plant and equipment of SAPCO; and (iii) management's internal fair valuation model in respect of the Group's previously held interest in ETM; - Evaluated the competence, objectivity, and capabilities of management's experts based on their professional qualifications and experience and assessed their independence; - Involved our internal valuation experts for reviewing the fair valuations performed by management's experts, including the methodology and assumptions used in determination of fair values;

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Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Management performed an assessment of recoverability of the goodwill. The recoverable amount was determined based on value-in-use calculations derived using discounted cash flow model. The model was based on the most recent financial plans for the related CGU within the Petrochemical operating segment and included 5 years projection periods with terminal values assumed thereafter. The exercise performed resulted in an impairment of goodwill amounting to Saudi Riyals 364 million, in addition to Saudi Riyals 283 million recorded in the prior year, which is recognised in the consolidated statement of profit or loss.</p> <p>We considered this to be a key audit matter given the complexity of accounting for business combination and significant management assumptions involved in:</p> <ul style="list-style-type: none"> (i) the determination of fair values of assets acquired and liabilities assumed; (ii) identification and valuation of intangibles acquired in a business combination; and (iii) the determination of cash flow forecasts, discount rate and terminal growth rate used in estimating the recoverable amount of goodwill. <p>Refer to Note 5.1 to the consolidated financial statements for the accounting policy relating to business combinations, Note 5.11 for the accounting policy relating to the impairment of goodwill, Note 6 for the disclosure of significant accounting judgements, estimates and assumptions, and Notes 11 and 45 for the disclosures of matters related to goodwill and business combinations.</p>	<ul style="list-style-type: none"> - Evaluated the reasonableness of approved business plans by comparison to historical results; - With input from internal valuation experts: <ul style="list-style-type: none"> • Assessed the reasonableness of the methodology used to determine the fair values; • Evaluated the reasonableness of the discount rates and terminal growth rates used by cross-checking the underlying assumptions against observable market data; and • Checked the arithmetical accuracy of the cash flow models used in the fair valuation. - With respect to management's internal fair valuation of the Group's previously held interest in ETM; <ul style="list-style-type: none"> • Checked the reasonableness of management's assumptions underlying the cash flows such as expected product prices and EBITDA margins with approved business plans; • Evaluated the reasonableness of approved business plans by comparison to historical results; • Performed sensitivity analyses over key assumptions, principally growth rate and discount rate, in order to assess the potential impact of a range of possible outcomes. <p><i>(c) Impairment of SAPCO goodwill</i></p> <ul style="list-style-type: none"> - Understood and evaluated the appropriateness of management's identification of the CGUs; - Assessed the methodology used by management to determine the recoverable value of the goodwill based on the value-in-use method and compared it to the requirements of IAS 36; - Tested the arithmetical accuracy and logical integrity of the underlying calculations in the model; - Tested the accuracy and relevance of the input data by reference to supporting evidence, such as approved business plan, and considered the reasonableness of approved business plan by comparison to the historical results and performance against budgets; - Engaged our valuation experts to assist us in testing of the methodology of the value-in-use calculations and use of certain assumptions including discount rates and long-term growth rates; and - Performed sensitivity analyses over key assumptions, principally growth rate and discount rate, in order to assess the potential impact of a range of possible outcomes. - Considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

Independent auditor's report to the shareholders of National Industrialization Company

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Assessment of impairment of property, plant and equipment, projects under progress and investments in equity accounted associates and joint ventures</p> <p>At 31 December 2024, the Group had property, plant and equipment of Saudi Riyals 5,436 million, projects under progress of Saudi Riyals 468 million and investments in equity accounted associates and joint ventures of Saudi Riyals 10,751 million.</p> <p>Management performs an assessment at each reporting period to consider whether there are any events or circumstances (impairment triggers) that indicate that the carrying amounts of these assets, or cash generating unit (CGUs) may not be recoverable. If any such indication exists, management estimates the recoverable amounts of the relevant assets, or the CGUs to record the related impairment charge.</p> <p>The determination of the recoverable amounts, being the higher of value-in-use and fair value less costs of disposal, requires management to identify and then estimate the recoverable amounts of the assets or the CGUs to which the assets belong. Recoverable amounts, in case of value-in-use, are based on management's view of key inputs such as future business growth in the forecasted period as well as the external market conditions, terminal growth rates and the most appropriate discount rates.</p> <p>Specific assets, or the CGUs to which the assets belong, where management identified the impairment indicators included the following:</p> <ul style="list-style-type: none"> - In respect of one of the equity accounted associates – Tronox with a carrying amount of Saudi Riyals 2,391 million, management has determined that the recoverable amount was higher than the carrying value resulting in no impairment loss being recognized in the consolidated financial statements as at 31 December 2024. - In respect of property, plant and equipment with a carrying amount of Saudi Riyals 1,102 million and projects under progress with a carrying amount of Saudi Riyals 430 million (Slagger plant), management has determined that the recoverable amount approximates carrying value resulting in no impairment loss being recognized in the consolidated financial statements as at 31 December 2024. <p>We considered this to be a key audit matter given the judgement involved in identifying impairment triggers and the complexity inherent in estimating the recoverable amount of these assets.</p> <p>Refer to Note 5.11 to the consolidated financial statements for the accounting policy relating to the impairment of these assets, Note 6 for the disclosure of significant accounting judgements, estimates and assumptions, Note 8, Note 9 and Note 12.1.1 for the disclosures of matters related to impairment considerations of the respective assets, or the CGUs.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> - Assessed reasonableness of management's identification of impairment indicators, which includes evaluating the design and implementation of key controls over the impairment assessment processes comprising impairment indicators identification and the estimation of recoverable amounts of the assets, or the CGUs where impairment indicators have been identified. - For the value-in-use models we assessed the methodology used by management to estimate the value-in-use along with the appropriateness of the input data used in the discounted cash flow models. - Tested reasonableness of the key assumptions used in the discounted cash flow model such as EBITDA margin, sales prices and capacity utilisation, which have been estimated based on cashflow forecasts incorporating future industry outlook and consideration of historical results. - Performed sensitivity analyses over assumptions used in the calculation of the value-in-use in order to determine the key assumptions to focus on and to assess the potential impact of a range of possible outcomes. - With input from internal valuation experts, we performed the following procedures on management's valuation models, as deemed appropriate: <ul style="list-style-type: none"> • Assessed the reasonableness of the methodology used in the calculation of the value-in-use; • Evaluated the reasonableness of the discount rates and terminal growth rates used by cross-checking the underlying assumptions against observable market data; and • Checked the mathematical accuracy of the discounted cash flow models used in the calculation of the value-in-use. - Considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

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Other information

The directors are responsible for the other information. The other information comprises the Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we 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 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 the board of directors and those charged with governance for the consolidated financial statements

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

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

Those charged with governance, i.e., the Audit Committee, is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgment and maintain professional scepticism throughout the audit. We also:

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

Independent auditor's report to the shareholders of National Industrialization Company

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

PricewaterhouseCoopers



Bader Benmohareb
License No. 471

16 March 2025

Audit Committee Report
To the General Assembly of National
Industrialization Company (Tasnee)
About the Fiscal Year 2024

تقرير لجنة المراجعة
للجمعية العامة لشركة التصنيع الوطنية (التصنيع)
عن العام المالي ٢٠٢٤ م

Introduction:

This report highlights the key activities carried out by the Audit Committee during the year 2024, in accordance with the tasks and responsibilities outlined in the charter of the Audit Committee for the National Industrialization Company, approved by the General Assembly on 18/4/2024. These regulations were prepared in accordance with the requirements of the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority.

مقدمة:

يتناول هذا التقرير أهم الأعمال التي قامت بها لجنة المراجعة خلال العام ٢٠٢٤ م حسب المهام والمسؤوليات المعتمدة في لائحة عمل لجنة المراجعة لشركة التصنيع الوطنية المعتمدة من قبل الجمعية العامة بتاريخ ١٨/٤/٢٠٢٤ م والتي تم إعدادها وفقاً لمتطلبات نظام الشركات ولائحة حوكمة الشركات الصادرة من هيئة السوق المالية.

Key Activities and Accomplishments of the
Committee in 2024:

أهم الأعمال والأنشطة التي قامت بها اللجنة خلال
عام ٢٠٢٤ م.

The Audit Committee of the National Industrialization Company held a total of five meetings during the year 2024 to fulfill its assigned tasks as per the approved regulations set by the General Assembly.

عقدت لجنة المراجعة لشركة التصنيع الوطنية خلال العام ٢٠٢٤م (٥) اجتماعات لتنفيذ المهام الموكلة إليها حسب اللائحة المعتمدة من الجمعية:

Member's Name	طبيعة العضوية Nature of Membership	الأول بتاريخ 1 st Meeting 03/03/2024	الثاني بتاريخ 2 nd Meeting 05/05/2024	الثالث بتاريخ 3 rd Meeting 01/08/2024	الرابع بتاريخ 4 th Meeting 27/10/2024	الخامس بتاريخ 5 th Meeting 15/12/2024	اسم العضو
Mr. Sami A. Al Shenaiber	Chairman رئيس اللجنة	✓	✓	✓	✓	✓	أ. سامي بن عبد العزيز الشنيبر
Mr. Bader A. Al Dakhil	Member عضو	✓	✓	✓	✓	✓	أ. بدر بن علي الدخيل
Mr. Musaab S. Al Muhaideb	Member عضو	✓	✓	✓	✓	✓	أ. مصعب بن سليمان المهيديب
Mr. Maher S. Alaiyadi	Member عضو	✓	✓	✓	✓	✓	أ. ماهر بن سعد العياضي

- دراسة ومناقشة القوائم المالية الموحدة المراجعة لعام ٢٠٢٣م والقوائم المالية الأولية الربع سنوية للعام ٢٠٢٤م والموافقة عليها بعد مراجعتها مع إدارة الشركة والمراجع الخارجي للتأكد من عدالتها وتماشيها مع السياسات المحاسبية المطبقة بالشركة قبل نشرها في موقع الشركة لدى "تداول" ورفع التوصية لمجلس الإدارة للموافقة عليها واعتمادها ورفع القوائم المالية السنوية المراجعة مع تقرير المراجع الخارجي للجمعية العامة للمصادقة عليها.
- Study and discuss the audited consolidated financial statements for the year 2023 and the preliminary quarterly financial statements for the year 2024, and approve them after reviewing them with the company's management and external auditors to ensure their fairness and compliance with the applicable accounting policies of the company before publishing them on the company's website at "Tadawul" and recommending them to the Board of Directors for approval and adoption, and presenting the audited annual financial statements along with the external auditor's report to the General Assembly for approval.

- دراسة ومناقشة تقرير المراجع الخارجي والاجتماع معه بخصوص خطة المراجعة من أجل التحقق من استقلاليته ومدى فعالية أعمال المراجعة والإجابة على استفساراته والتأكد من عدم وجود أي معوقات قد تؤثر على سير أعماله.
- الاشراف العام على أداء إدارة المراجعة الداخلية والتأكد من استقلاليته والأساليب المهنية المتبعة لتنفيذ أعمالها ومتابعة تنفيذ خططها للعام ٢٠٢٤م المعتمدة من قبل اللجنة ومناقشة التقارير الدورية المقدمة من الإدارة العامة للمراجعة الداخلية عن نتائج أعمالها ومتابعة تنفيذ الإجراءات التصحيحية.
- مناقشة واعتماد استراتيجية وخطة المراجعة الداخلية للعام ٢٠٢٥م والتي تم إعدادها حسب تقييم المخاطر التي قد تتعرض لها أعمال وأنشطة الشركة الرئيسة.
- دراسة ومناقشة العروض المقدمة من مكاتب المراجعة لفحص ومراجعة حسابات الشركة الربع سنوية والسنوية للعام ٢٠٢٤م والربع الأول للعام ٢٠٢٥م وتقييمها فنياً وتجاريًا، وقد تم التوصية للمجلس بالموافقة والرفع للجمعية العامة على المرشحين التالية أسمائهم مكتب برايس ووترهاوس كوبرز (بي دبليو سي) ومكتب الدكتور محمد العمري وشركاه (بي دي او) ومكتب ديلويت توش بعد التحقق من استقلاليتهن
- Study and discuss the external auditor's report and meet with them regarding the audit plan to verify their independence and the effectiveness of their audit work, answer their inquiries, and ensure that there are no obstacles that may affect the conduct of his work.
- General supervision of the performance of the internal audit management, ensuring its independence and the professional methods adopted to carry out its work, and monitoring the implementation of its plan for the year 2024, approved by the committee, and discussing the periodic reports submitted by the Department of Internal Audit on the results of its work and monitoring the implementation of corrective actions.
- Discuss and approve the internal audit strategy and plan for the year 2025, which has been prepared based on the assessment of the risks that the main activities and operations of the company may be exposed to.
- Study and discuss the proposals submitted by audit firms to examine and audit the company's quarterly and annual accounts for the year 2024 and the first quarter of 2025 and evaluate them technically and commercially. It has been recommended to the Board to approve and present to the General Assembly the following candidates: Price water house coopers (PwC),

Dr. Mohammed Al-Amari & Partners (BDO), and Deloitte Touche, after verifying their independence and reviewing the scope of their work to select one of them based on the highest evaluation.

ومراجعة نطاق عملهم لاختيار أحدهم حسب التقييم الأعلى.

Results of the annual review of the effectiveness of Company's Internal Audit procedures:

The company has an independent Department of Internal Audit that reports functionally to the Audit Committee and carries out its tasks in accordance with the approved internal audit charter. The Department of Internal Audit has carried out all its work during the year in accordance with the internal audit plan based on significant risks, which was approved by the Audit Committee at the beginning of the year, focusing on high-risk activities and operations in order to help achieve the company's objectives and protect its assets. Several internal audit engagements were conducted to assess the efficiency and effectiveness of the internal audit system and procedures. The results were discussed and shared with the relevant departments and sectors within the company in order to study and address observations and recommendations and implementing necessary corrective actions. The progress, challenges, and risks arising from the non-closure of these observations and recommendations were regularly reported to the

نتائج المراجعة السنوية لفاعلية إجراءات الرقابة الداخلية في الشركة.

لدى الشركة إدارة عامة للمراجعة الداخلية مستقلة تتبع فنياً للجنة المراجعة وتقوم بتنفيذ مهام عملها وفقاً لللائحة المراجعة الداخلية المعتمدة. حيث قامت الإدارة العامة للمراجعة الداخلية بتنفيذ جميع أعمالها خلال العام وفقاً لخطة المراجعة الداخلية المعدة على أساس أهم المخاطر والتي تم اعتمادها من قبل لجنة المراجعة في بداية العام، مع تركيزها على الأنشطة والعمليات ذات المخاطر العالية بما يساعد في تحقيق أهداف الشركة وحماية أصولها حيث تم تنفيذ عدد من عمليات المراجعة الداخلية بهدف تحديد مدى كفاءة وفاعلية نظام وإجراءات الرقابة الداخلية وتم مناقشه وإرسال نتائجها إلى الإدارات والقطاعات ذات العلاقة في الشركة من أجل دراسة ومعالجة الملاحظات والتوصيات ووضع الإجراءات التصحيحية اللازمة ومتابعة تنفيذها وإقفالها وفق التواريخ المتفق عليها مع الإدارات ذات العلاقة والرفع إلى لجنة المراجعة بشكل دوري بتقارير محدثة توضح ما تم إنجازه مع التحديات والمخاطر التي قد تنشأ من عدم إقفال تلك الملاحظات والتوصيات. كذلك، تم اجراء عملية تقييم خارجي بشكل مستقل تماماً لعمليات إدارة

Audit Committee with updated reports. Further, a fully independent and external assessment was carried out for the Internal Audit Department by the Saudi Institute of Internal Auditors, and the department achieved the "General Conformance" rating granted by the Institute in evaluating compliance with the Standards.

المراجعة الداخلية من قبل الجمعية السعودية للمراجعين الداخليين وتم حصول الإدارة على تقييم "متوافق بشكل عام" وهو أعلى تقييم تمنحه الجمعية في تقييم التوافق مع المعايير العالمية.

The committee's opinion on the adequacy of the company's Internal control system:

The Audit Committee reviewed the internal control and auditing procedures within the scope of the planned and limited tasks, which were approved and tested by the Department of Internal Audit. After discussions with the company and external auditor regarding the results of the quarterly and annual business, the Audit Committee can provide reasonable assurance about the effectiveness of the internal control systems in the company, and no significant deficiencies or material weaknesses were indicated in the systems, policies, and internal control procedures in the company. It should be noted that it is not possible to provide absolute assurance about the effectiveness of any internal control system, and there are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors during the year 2024.

رأي اللجنة في مدى كفاية نظام الرقابة الداخلية في الشركة:

اطلعت لجنة المراجعة على إجراءات الضبط والتدقيق الداخلي في حدود المهام والأعمال المخططة والمحدودة المعتمدة والتي تم اختبارها من قبل الإدارة العامة للمراجعة الداخلية وبعد المناقشة مع الشركة ومراجع الحسابات الخارجي على نتائج الأعمال الربع سنوية والسنوية فإن لجنة المراجعة يمكنها إعطاء تأكيد معقول عن فعالية أنظمة الرقابة الداخلية في الشركة ولم يتبين لها وجود ما ينبغي الإشارة إليه أو يُعتقد معه وجود ضعف أو خلل جوهري في أنظمة وسياسات وإجراءات الرقابة الداخلية في الشركة علماً بأنه لا يمكن إعطاء تأكيد على فاعلية أي نظام للضبط والرقابة الداخلية بدرجة تامة من الموثوقية ولا توجد توصيات من لجنة المراجعة تتعارض مع قرارات مجلس الإدارة خلال عام ٢٠٢٤م.

Sincerely,

Chairman of the Audit Committee

Sami Bin Abdulaziz Al Shenabir

مع خالص التحية،

رئيس اللجنة

سامي بن عبدالعزيز الشنابر

Date: 16\03\2025

To the Shareholders of National Industrialization Company (TASNEE)

Subject: The Board of Directors Recommendation regarding External Auditor's Appointment for Fiscal Year 2025.

After Greetings,

We would like to inform the shareholders of the Board of Directors' approval of the Audit Committee's recommendation regarding the appointment of an external auditor, as the below auditing firms were invited to submit their offers to audit the company's accounts and consolidated financial statements for the second, third quarter, and annual fiscal year 2025 and the first quarter of the year 2026. The offers were received and evaluated technically and commercially in accordance with the procedures followed, with closer attention to the reputation and independence of the firm, quality and reliability, the number of work teams, years of experience, clarity of the methodology used, and familiarity with the nature of the company's business in previous periods and fees. As a result, the Committee approved the selection of one of the following candidates according to the highest rating:

Auditor Firm	Total Fees for Tasnee (in SAR)	Rating Percentage
PricewaterhouseCoopers (PWC)	832,500	97%
Dr. Mohamed Al-Amri & Co (BDO)	638,000	90%

Accordingly, the Board of Directors approved recommending all the above audit firms to be presented to the General Assembly for appointing the External Auditor and determining their fees.

Sincerely,

Chairman of the Board of Directors

Eng. Mubarak bin Abdullah Al-Khafrah





To the shareholders
National Industrialization Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Independent limited assurance report on declaration submitted by the Chairman of the Board of Directors to the shareholders of National Industrialization Company

We have undertaken a limited assurance engagement in respect of the accompanying declaration of businesses and contracts with the related parties for the year ended 31 December 2024 of National Industrialization Company (the “Company”) prepared by the management and approved by the Chairman of the Board of Directors of the Company in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article (71) of the Regulations for Companies (the “Declaration”).

Subject matter

The Subject Matter for our limited assurance engagement is the Declaration prepared by the management of the Company and approved by the Chairman of the Board of Directors as attached to this report and submitted to us.

Criteria

The applicable criteria (the “Criteria”) is the requirement of Article 71 of Regulations for Companies issued by the Ministry of Commerce (2022-1443H) (the “Companies Regulations”) and subsequent amendments made therein which states that any member of the Board of Directors (the “Board”) has any interest, both directly or indirectly, in the transactions or contracts made for the account of the Company shall declare such interests for the approval of the General Assembly of the Company. The Board member must notify the Board of such interest and excuse himself in vote by the Board to approve such transactions or contracts. The Chairman of the Board will notify the General Assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

Management’s responsibility

The management of the Company is responsible for the preparation of the Declaration in accordance with the Criteria and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

Professional ethics and quality management

We have complied with the independence requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the “Code”), that is relevant to our limited assurance engagement and we have fulfilled our other ethical responsibilities in accordance with the Code’s requirements.

The firm applies International Standard on Quality Management 1 (“ISQM 1”), as endorsed in the Kingdom of Saudi Arabia, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers Public Accountants (professional limited liability company), CR No. 1010371622, capital of 500,000 SAR, national address: 2239 Al Urubah Rd, Al Olaya District, postal code 12214, secondary number 9597, Riyadh, Kingdom of Saudi Arabia, physical address: Kingdom Tower, floor 24.

T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east



Our responsibility

Our responsibility is to express a limited assurance conclusion on the Declaration based on the procedures we have performed and the evidence we have obtained. We conducted the limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information," endorsed in the Kingdom of Saudi Arabia. This Standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Company has not complied with the requirements of Article 71 of the Companies Regulations in preparation of the Declaration for the year ended 31 December 2024.

The procedures selected depend on our judgement, including the assessment of risks such as failure of the systems and controls, whether due to fraud or error. When performing risk assessment, we consider internal controls relevant to the Company's compliance with the requirements of Article (71) of the Companies Regulations in the preparation of the Declaration. Our procedures included examining, on a test basis, evidence supporting systems and controls in respect of the preparation of the Declaration in accordance with the requirements of Article (71) of the Companies Regulations.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Summary of work performed

We have planned and performed the following procedures to obtain limited assurance over the Company's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration:

- Discussed with the management the process for obtaining business and contracts by any of the Board members with the Group.
- Obtained the Declaration (enclosed as Appendix I to this report) that includes the list of all transactions and agreements entered into by any of the Board members of the Company, either directly or indirectly, with the Company during the year ended 31 December 2024.
- Reviewed the minutes of the Board meetings that indicate the Board member's notification to the Board on the transactions and agreements entered into by the Board member during the year ended 31 December 2024; and further that the concerned Board member did not vote on the resolution issued in this regard at the meetings of the Board.
- Reviewing confirmation obtained by the management from the Board members on the transactions and agreements entered into by the Board member during the year.
- Reviewed the consistency of the transactions and agreements included in the Declaration with the disclosure in Note (39) to the audited consolidated financial statements for the year ended 31 December 2024.



Inherent limitations

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements as endorsed in the Kingdom of Saudi Arabia and accordingly we do not express an audit or a review opinion in relation to the adequacy of systems and controls around the preparation of the declaration.

This conclusion relates only to the Declaration for the year ended 31 December 2024 and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration of related party transactions for the year ended 31 December 2024.

Restriction of use

This report, including our conclusion, has been prepared solely upon the request of the management of the Company, to assist the Company and its Chairman of the Board of Directors in fulfilling their reporting obligations to the General Assembly in accordance with Article 71 of the Regulations for Companies. The report should not be used for any other purpose or be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce, The Capital Market Authority and the shareholders of the Company.

PricewaterhouseCoopers

A blue ink signature, appearing to read "Bader Benmohareb", written over a circular stamp or seal.

Bader Benmohareb
License No. 471

20 March 2024



التصنيع TASNEE



Date: 16/09/1446 H
Corresponding to: 16/03/2025 G

To the Shareholders of National Industrialization Company (TASNEE)

Subject: Disclosure of businesses and contracts that involve a direct or indirect interest of the members of the Board of Directors.

After Greetings,

Based on the requirements of Article (71) of the Companies Law in the Kingdom of Saudi Arabia, which requires that a member of the Board of Directors inform the Board of his interest in the business and contracts that are made for the company's account. the Board of Directors wishes to inform your esteemed assembly that it has been decided by the Board of Directors of National Industrialization Company ("the Company") that there is an indirect interest to Eng. Mubarak bin Abdullah AI-Khafrah, Chairman of the Board, regarding the following:

1. The conclusion by one of the subsidiaries of National Industrialization Company, which is National Industrialization Petrochemical Marketing Company, a limited liability company, Commercial Registration No, (1010171953) of purchase orders for polypropylene, with Non-Woven Industrial Fabrics Factory Company, Commercial Registration No. 2055014696, noting that the total value of the purchase during the fiscal year ending in 31/12/2024 amounts to SAR 22,539,825.00 and there are no preferential conditions.

We assure the distinguished shareholders that the transaction described in this statement has been reviewed and approved by the CFO, the CEO of the company and the Board of Directors.

Accordingly, the Company's Board of Directors wishes to present this transaction to the shareholders in preparation for obtaining the approval of the general assembly of the shareholders on it, in line with the provisions of Article (71) of the Companies Law.

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Kingdom of Saudi Arabia
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Fax: (+966 11) 400 2255

شركة مساهمة سعودية Saudi Joint Stock Company
رأس المال ٦.٦٨٩.١٤١.٦٦٠ / 6,689,141,660 SR
سجل تجاري ٥٩٦٩٣ - رقم العضوية ٣٣٥٢ / C.C.NO. 33520 - CR. NO. 59693
www.tasnee.com

شركة التصنيع الوطنية
البوابة الاقتصادية مبنى ج ٣
حي قرطبة - الدائري الشرقي
صندوق بريد ٢٦٧٠٧ الرياض ١١٤٩٦
المملكة العربية السعودية
هاتف: ٢٢٢ ٢٢٠٥ (٠٩٦٦١١)
فاكس: ٢٢٥٥ ٤٠٠ (٠٩٦٦١١)



Subject: Disclosure of businesses and contracts that involve a direct or indirect interest of the members of the Board of Directors.

(Signature Page)

Eng. Talal Al Maiman

17 Mar, 2025 6:55:22 PM GMT+3

Eng. Abdulrahman Al Sayyari

18 Mar, 2025 1:27:54 PM GMT+3

Eng. Mutlaq Al Morished

17 Mar, 2025 2:58:15 PM GMT+3

Mr. Badr Al Dakhil

Mr. Saud Al Juhani

Mr. Mosaab Al Muhaideb

17 Mar, 2025 2:18:04 PM GMT+3

Eng. Abdullatif Al Mulhem

17 Mar, 2025 1:56:09 AM GMT+3

Mr. Fahad Al Mishal

18 Mar, 2025 3:43:33 PM GMT+3

Mr. Ahmed Al Theabi

17 Mar, 2025 2:52:53 PM GMT+3

17 Mar, 2025 3:20:39 PM GMT+3

Not Submitted

Chairman of the Board of Directors

Mubarak Al Khafrah

Secretary of the Board of Directors

Mohammed Bin Asim