



# 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 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 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 2025;
- 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"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

### Our audit approach

#### Overview

Key Audit Matters	<ul style="list-style-type: none"><li>• Accounting for acquisition of Saudi Acrylic Monomers Company ("SAMCO")</li><li>• Assessment of impairment of property, plant and equipment, projects under progress, right-of-use assets and investments in equity accounted associates and joint ventures</li><li>• Accounting for restructuring of loans from commercial banks</li></ul>
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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 management 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.

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## Independent auditor's report to the shareholders of National Industrialization Company (continued)

### Our audit approach (continued)

#### Overview (continued)

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.

#### 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><b>Accounting for acquisition of Saudi Acrylic Monomers Company ("SAMCO")</b></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 had accounted for the acquisition based on provisional fair values of the acquired assets and assumed liabilities as at the acquisition date.</p> <p>During the year, the Group has finalised the acquisition accounting for SAMCO, resulting in a final bargain purchase gain of Saudi Riyals 317 million and a loss on fair valuation of existing interest in SAMCO of Saudi Riyals 416 million.</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> <ol style="list-style-type: none"> <li>(i) the determination of fair values of assets acquired and liabilities assumed; and</li> <li>(ii) the determination of cash flow forecasts, discount rate and terminal growth rate used in determining the economic obsolescence of the tangibles assets acquired and the fair value of the existing interest in SAMCO.</li> </ol> <p>Refer to Note 5.1 to the consolidated financial statements for the accounting policy relating to business combinations, Note 6 for the disclosure of significant accounting judgements, estimates and assumptions, and Note 45 for the disclosures of matters related to business combinations.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed the purchase price allocation performed by management's expert;</li> <li>• Evaluated the competence, objectivity, and capabilities of management's experts based on their professional qualifications and experience and assessed their independence;</li> <li>• Assessed the appropriateness of the management's use of the Discounted Cash Flow ("DCF") model for determining the economic obsolescence of the property, plant and equipment and fair value of the Group's existing interest in SAMCO;</li> <li>• Involved our internal valuation expert to assist us in assessing the appropriateness of methodology used, including testing the reasonableness of the relevant discount rate and long-term growth rate used in the DCF model;</li> <li>• Checked the reasonableness of management's assumptions underlying the cash flows such as expected product prices and EBITDA margins with approved business plans;</li> <li>• 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; and</li> <li>• Considered the appropriateness of the related disclosures in the consolidated financial statements.</li> </ul>

## Independent auditor's report to the shareholders of National Industrialization Company (continued)

### Our audit approach (continued)

#### Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><b>Assessment of impairment of property, plant and equipment, projects under progress, right-of-use assets and investments in equity accounted associates and joint ventures</b></p> <p>At 31 December 2025, the Group had property, plant and equipment of Saudi Riyals 2,866 million, projects under progress of Saudi Riyals 68 million, right-of-use assets of Saudi Riyals 94 million and investments in equity accounted associates and joint ventures of Saudi Riyals 10,051 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 units ("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"> <li>- In respect of Slagger CGU, management determined that the recoverable amount was less than the carrying value resulting in an impairment loss of Saudi Riyals 1,768 million as at 31 December 2025.</li> <li>- In respect of SAMCO CGU, management determined that the recoverable amount was less than the carrying value resulting in an impairment loss of Saudi Riyals 340 million as at 31 December 2025.</li> <li>- In respect of one of the equity accounted associates – Tronox, recorded an impairment loss amounting to SR 464 million, mainly representing an adjustment to the acquisition-related uplifts included in the carrying amount at the Group level.</li> </ul> <p>We considered this as 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, Note 10 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"> <li>- Assessed the reasonableness of management's identification of impairment indicators, which included 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;</li> <li>- 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. This included: <ul style="list-style-type: none"> <li>i. checking, on a sample basis, that the input data in the discounted cash flow models agreed to supporting documentation, such as the approved business plans, comparing with the historical results and the market data, particularly with respect to sales pricing, and comparing the current year's actual results with its forecast;</li> <li>ii. testing the reasonableness of key assumptions such as the future business growth in the forecasted period, terminal growth rates and discount rates. Our internal valuation experts were engaged to assist us in the assessment of the reasonableness of the methodology underlying the value-in-use calculations, the reasonableness of discount rates and terminal growth rates assumed in the models and the mathematical accuracy of the models;</li> </ul> </li> <li>- 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;</li> <li>- Evaluated the competence, objectivity, and capabilities of management's experts used for the valuation of Tronox based on their professional qualifications and experience and assessed their independence; and</li> <li>- Considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.</li> </ul>



## Independent auditor's report to the shareholders of National Industrialization Company (continued)

### Our audit approach (continued)

#### Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><b>Accounting for the restructuring of loans from commercial banks</b></p> <p>During the year ended 31 December 2025, the Group completed the restructuring of loans from commercial banks relating to certain subsidiaries of the Group. As part of this restructuring, the lenders participated in a prepayment and waiver process and agreed to a partial waiver of loans amounting to SR 1,011 million by settling loans of SR 1,761 million against prepayment of SR 750 million. The remaining loans amounting to SR 1,309 million were refinanced at a preferential profit rate and extended repayment period.</p> <p>The restructuring was accounted for as a substantial modification resulting in the derecognition of the existing liability and recognition of a new liability at its fair value calculated as the present value of the estimated future cash flows using an appropriate discount rate representative of the market conditions existing at the restructuring effective date.</p> <p>We considered this to be a key audit matter because of significant management judgments, estimates and assumptions involved in:</p> <p>i) determining whether the Group was legally released from its obligations; ii) assessing whether the revised contractual cashflows resulted in modification or extinguishment of the liability; and iii) determining the fair value of the new facilities including estimating the related market rate of interest.</p> <p>Refer to Note 5.20 to the consolidated financial statements for the accounting policy relating to financial instruments, Note 6 for the disclosure of significant accounting judgements, estimates and assumptions, and Note 25.2 for the disclosures of matters related to loans from commercial banks.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"><li>- Inspected the legal documentation including the new commercial loan agreements to understand the amended terms, the timing of effectiveness of the restructuring, and settlement and refinancing mechanism;</li><li>- Tested the cash payments made to participating lenders and inspected evidence supporting the waiver/release of the remaining commercial loan obligations arising from the settlement process;</li><li>- Evaluated management's assessment of extinguishment of the existing liability, including accounting for restructuring fees and costs and checked the calculation of the resulting gain;</li><li>- With the involvement of our internal valuation expert, assessed the methodology used to determine the fair value of the refinanced commercial loans at initial recognition, including evaluating key assumptions used in estimating the market rate of interest; and</li><li>- Considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.</li></ul>



## *Independent auditor's report to the shareholders of National Industrialization Company (continued)*

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### *Other information*

Management is 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 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.

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### *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 the applicable requirements of the Regulations for Companies and the Company's By-laws, 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, i.e., the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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### *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:



## *Independent auditor's report to the shareholders of National Industrialization Company (continued)*

### *Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

- 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 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**

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