Audit Committee Report

To the Ordinary General Assembly

For the fiscal year ending on December 31, 2024

Umm Al Qura Cement Company

Introduction:

In accordance with paragraph (A) of Article 88 of the Corporate Governance Regulations issued by the Capital Market Authority, which states: *"The report of the audit shall include details of its performance of its competencies and duties stated in these Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company."*

The Audit Committee of Umm Al-Qura Cement Company is pleased to present its annual report to the company's Board of Directors and shareholders at the Annual General Assembly meeting.

Composition of the Audit Committee:

On April 29, 2024, the Ordinary General Assembly approved an amendment to the Audit Committee Charter, defining its responsibilities, working guidelines, and members' remuneration for the new term beginning July 4, 2024, for three years. The committee was formed as follows:

Members from 01/01/2024 to 03/07/2024

- Mr. Saud Mohammed Ali Al-Sabhan – Chairman (Non-Executive)
- Mr. Abdullah Hamdan Bin Saree' Al-Saree' – Independent Board Member
- Mr. Fawaz Hamad Al-Fawaz – Member from outside the Board

Members from 04/07/2024 to 31/12/2024 (per Board decision on July 4, 2024)

- Mr. Saud Mohammed Ali Al-Sabhan – Chairman (Non-Executive)
- Mr. Abdullah Hamdan AlSourayia – Independent Board Member
- Mr. Abdulaziz Sulaiman Al-Sayari – Member from outside the Board
- Mr. Abdullah Ali Hamad Al-Hajri – Member from outside the Board

Audit Committee Meetings in 2024:

Meeting No. & Date / Member Name	Membership Category	(47) 27/02/2024	(48) 28/04/2024	(49) 29/07/2024	(50) 30/10/2024	Attendance Count
Mr. Saud Mohammed Ali Al-Sabhan	Chairman (Non-Executive)	✓	✓	✓	✓	4
Mr. Fawaz Hamad Al-Fawaz	Member from outside the Board	✓	✓	X	X	2
Mr. Abdullah Hamdan AlSourayia	Independent Member	✓	✓	✓	✓	4
Mr. Abdulaziz Sulaiman Al-Sayari	Member from outside the Board	X	X	✓	✓	2
Mr. Abdullah Ali Hamad Al-Hajri	Member from outside the Board	X	X	✓	✓	2

✓: Present X: Not a member __ : Absent ***: Resigned*

Committee Activities During 2024:

a) Conducting a comprehensive review of all proposed amendments to the Audit Committee's Charter, with the aim of assessing their compatibility with professional best practices and approved regulatory standards and ensuring their alignment with the Committee's strategic objectives. This includes strengthening the Committee's roles and powers in overseeing internal and external audit activities, as well as risk governance.

b) The Audit Committee reviewed the quarterly and annual financial statements for 2024 based on reports submitted by executive management and external auditors. The Committee discussed the results to ensure compliance and transparency and submitted recommendations to the Board of Directors in accordance with governance practices and the roles of the supervisory committee.

c) Overseeing the performance of the external auditor, including the monitoring and assessment of the quality and effectiveness of audit procedures. This also entails reviewing the auditor's reports, verifying their accuracy and impartiality, and ensuring that any observations or recommendations provided are duly considered to strengthen governance and promote transparency in financial operations. Furthermore, the oversight involves continuous coordination with the auditor to ensure that all critical aspects of the audit process are comprehensively addressed and that the intended objectives are achieved in an efficient and effective manner.

d) The Committee reviewed the management letter issued by the external auditor and discussed the observations therein with the Chief Executive Officer and Financial Manager to confirm that appropriate actions were taken to address the matters raised.

e) The Audit Committee reviewed and evaluated the proposals from external audit firms to assess their conformity with professional requirements and applicable accounting and regulatory standards. The Committee also assessed the applicants' experience, independence, and the quality of their services. Following a comprehensive assessment, the Committee submitted its recommendation to the General Assembly regarding the appointment of the external auditor for the fiscal year ending December 31, 2024. This recommendation was made to ensure the selection of the most qualified candidate.

f) The Committee reviewed and deliberated upon the financial policies prepared by Executive Management and submitted the pertinent recommendations to the Board of Directors for consideration and approval.

g) Oversee the Internal Audit Department and supervise the execution of the approved audit plan for 2024 to ensure alignment with strategic objectives, adherence to professional standards, and the enhancement of the efficiency and effectiveness of internal control and audit functions.

h) Reviewed internal audit reports and monitored the implementation of key recommendations to strengthen internal controls, ensure adherence to policies and procedures, and enhance overall governance and risk management.

The Committee's Opinion on the Adequacy and Effectiveness of the Internal Control and Risk Management Systems:

The Audit Committee concluded that the Company's internal control and risk management systems are, in general, adequate and effective. Nonetheless, there remain opportunities to enhance and further develop certain components to ensure they align with the evolving scale and nature of the Company's operations. In this context, the Committee reviewed and discussed the observations arising from both internal and external audits with Executive Management and examined the proposed corrective action plan aimed at strengthening internal controls and mitigating potential risks. The Audit Committee will continue to oversee the implementation of this plan throughout 2025 to ensure that appropriate measures are undertaken and identified weaknesses are addressed in a timely and effective manner.