



# Annual Audit Committee Report

## For the Year Ended 31<sup>st</sup> December 2025



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# Executive Summary

## The results of the annual review of the effectiveness of the company's internal control procedures

The company's internal audit department carries out continuous audits to verify the effectiveness of the internal control system and procedures in protecting the company's assets, evaluating business risks and measuring the extent of performance efficiency. The aforementioned audits did not show a fundamental weakness in the company's internal control system. On the other hand, the external auditor in the process of evaluating this system within the task of reviewing the final financial statements of the company, the company enables him to review all the minutes of the audit committee meetings, the reports of the internal audit department for the period/fiscal year and all the required documents.



## The Audit Committee's opinion on the adequacy of the internal control system

The audit committee's assessment of the company's internal and financial control systems and controls did not show any significant weakness, and believes that the company's currently implemented internal and financial controls and risk management system is effectively working in a reasonable and acceptable manner, with the exception of some insignificant observations that were reported in the various audit reports, and the internal audit department agreed with the concerned departments to implement their corrective measures.

On the other hand, the external auditor usually performs a process of evaluating this system within the task of reviewing the annual financial statements of the company, as the company enables him to view all systems, policies, procedures, minutes of the audit committee meetings, and the reports of the internal audit department for the period / fiscal year under examination.



# Introduction

In order to comply with the requirements of corporate governance in terms of its composition and its direct association with the Board of Directors of Tabuk Cement Company, the Audit Committee has undertaken to review financial reports, statements, accounting policies, supervise internal auditing activity and external auditors. The Audit Committee held eight meetings during the year 2025 AD.

## The most prominent work of the committee during the year 2025 AD

The Audit Committee carried out its tasks and work during the year 2025 AD, the most prominent of which were:

1. Supervising the internal audit department and following up its implementation of the work entrusted to it, in addition to following up the implementation of the recommendations submitted to it to verify the provision of the necessary resources to ensure its continued effectiveness.
2. Discussing the important notes and the planned time for completing them.
3. Supervising the work of the external auditors and meeting with them to discuss points related to the financial statements, reports and clarifications that appear within the quarterly or final reports.
4. Reviewing the annual financial statements as of December 31, 2025 AD and the quarterly statements, and submitting its recommendations to the Board of Directors in this regard.
5. Reviewing the management letter issued by the external auditors.
6. Reviewing the reports received from the company's management on the legal and regulatory requirements and following up on the implementation of the recommendations included in the reports.
7. Overseeing initiatives that aim to establish a comprehensive internal control framework to enhance the reliability of financial reports. It also aims to employ a continuous internal review mechanism that works automatically to identify and correct the extent of non-compliance with the control system of the company in various aspects of its work.
8. Informing the Board of Directors immediately about the committee's activities by submitting the minutes of its meetings to the Board.

## A – Composition of the Audit Committee

As of 31 December 2025, the Committee at Tabuk Cement Company consists of three members where the Chairman of the Committee is an independent Board member, and the three members are independent from outside the Board, the four members have been appointed for a term of three consecutive financial years expiring on January 2026.

As required by the Saudi Institute of Internal Auditors (IIA) standards and Capital Market Authority (CMA) guidelines for Committee members, the members should collectively possess sufficient knowledge of audit, finance, governance, risk management, internal control, and industry specific knowledge. The Committee operates under rules and procedures defined in the Audit Committee charter approved by the Board.

Below are the names of Audit Committee Members as of 31 December 2025:

Name	Designation
Mr. Tariq bin Khaled Al-Anqari	Chairman of the Committee - Independent Board Member
Mr. Turk bin Abdul Mohsen Al-Luhaid	Member of the committee - an independent member from outside the council
Mr. Ali bin Suleiman Al-Ayed	Member of the committee - an independent member from outside the council
Mr. Ahmed bin Ibrahim Hejan	Member of the committee – an independent member from outside the council

**Formation of a new committee** took place on 26<sup>th</sup> of January 2026, adding a Fifth member to the committee, Mr. Abdul Ellah bin Mohamed Al-Tunsi, the five members have been appointed for a term of three consecutive financial years expiring on 26<sup>th</sup> January 2029.



## **B – Audit Committee Roles and Responsibilities**



### **A - External auditors and financial reports:**

- 1. Review and evaluate the qualifications, performance and independence of the external auditors, including the main partner and other senior members of the independent auditor team, on an annual basis, and obtain an annual acknowledgment of that independence.**
- 2. Reviewing the external auditor's plan, scope and approach.**
- 3. Supervising the activities of the external auditors and approving any activity outside the scope of the audit work entrusted to them while performing their duties.**
- 4. Review the comments or qualifications of the external auditor on the financial statements and follow up the actions taken in this regard.**
- 5. Reviewing the external auditor's report on the financial statements and management letter.**
- 6. Reviewing the interim and annual financial statements before presenting them to the Board of Directors and expressing opinions and recommendations regarding their integrity and transparency.**
- 7. At the request of the Board of Directors, the Committee shall present its technical opinion on whether the annual report of the Board of Directors and financial statements are represented in a fair, consistent and understandable manner and contain an appropriate amount of information to enable shareholders and investors to evaluate the financial position of Tabuk Cement Company, results of its operations, business models and strategies.**
- 8. Reviewing with external auditors the extent to which changes or improvements in financial or accounting practices have been implemented.**
- 9. Regular review with the external auditor of any audit problems or difficulties they encounter during the audit work, including any restrictions on the scope of the external auditors' activities or on obtaining the required information and management's response thereto.**
- 10. Review and discuss the quarterly and annual press releases.**
- 11. The initial financial statements are approved after being approved by the Board of Directors, and they are signed by a member and authorized by the Board of Directors, the Chief Executive Officer and the Chief Financial Officer, and they are disclosed to the shareholders within a period not exceeding (30) days from the end of the financial period covered by those lists.**



## **B) Internal Audit:**

- 1. Studying and reviewing the company's internal and financial control systems and the risk management system.**
- 2. Review the internal audit reports and follow up on the implementation of corrective measures with regard to the audit notes contained therein.**
- 3. Monitoring and supervising activities if the company's internal audit department ensures their effectiveness in carrying out the activities and duties determined by the Board of Directors, and if the company does not have an internal auditor, the committee shall submit its recommendation to the Board of Directors regarding the need to appoint him.**



## **C) The Auditor:**

- 1. Recommending to the Board of Directors the nomination and dismissal of auditors, determining their fees and evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.**
- 2. Verify the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into consideration the relevant rules and standards.**
- 3. Reviewing the company's auditor's plan and his work, and verifying that he has not submitted technical and administrative works that are outside the scope of the audit work, and expressing its opinions in this regard.**
- 4. Answering the inquiries of the company's auditor.**
- 5. Studying the auditor's report and his observations on the financial statements and following up on what has been taken in their regard.**






**D) Compliance:**

- 1. Review the results of any examinations by the regulatory bodies and ensure that the company has taken the necessary measures in this regard.**
- 2. Ensure that the company has taken appropriate measures to comply with relevant laws, regulations, policies and procedures**
- 3. Review the proposed contractual arrangements and transactions with related parties and submit its opinion to the Board of Directors regarding these arrangements and transactions.**

**E) Ethics and fraud:**

- 1. The Committee shall make arrangements for the employee of the company to submit anonymous reports on concerns and comments regarding financial reports and other matters. The Committee must also ensure that procedures are applied effectively by conducting appropriate independent investigations into the extent of reported irregularities, errors, inaccuracies or irregularities, and take appropriate follow-up action.**
  - 2. Ensure that appropriate measures are taken to respond to any reported allegations or concerns, including obtaining external legal or technical advice when necessary.**
  - 3. Review and evaluate Tabuk Cement Company's operations to manage the code of ethical conduct.**
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## Attending the Audit Committee

Audit committee held 8 meetings during the year-ended 31 December 2025. Attendance of members according to attendance record is as follows:

Name	Meeting #122 20/03/2025	Meeting #123 24/03/2025	Meeting #124 12/05/2025	Meeting #125 04/08/2025	Meeting #126 06/11/2025
Mr. Tariq bin Khaled Al-Anqari	√	√	√	√	√
Mr. / Turk bin Abdul Mohsen Al-Luhaid	√	√	√	√	√
Mr. / A L bin Suleiman Al-Ayed	√	√	√	√	√
Mr. Ahmed bin Ibrahim Hejan	√	√	√	√	√

Quorum was complied with all audit committee meetings as required by the corporate governance regulations and companies' law of the Kingdom. Decisions of the Committee were also recommended and approved with consensus of all the committee members and there was no dissenting vote in all the decisions.

## Internal Control System

The internal control system aims to ensure that the company's objectives are achieved effectively and efficiently, including issuance of reliable financial reports, compliance with applicable rules, regulations and policies, as well as managing potential risks to mitigate the impact on achieving the company's objectives. The control system also plays an important role in detecting and preventing fraud, in addition to safeguarding the company's resources. The company's management is responsible for managing a comprehensive and effective control system proportional to the level of risks that the company may be exposed to, with a reasonable costs. It gives reasonable assurances to avoid significant misstatement and related losses (if any) .

The Audit Committee continuously reviews internal and external auditors periodic reports, in addition to other internal control subject matters. Accordingly, the company's internal control system achieved various improvement opportunities with relevance to internal control activities during the year. The Audit committee will continue monitor, oversight and evaluate the internal control system to ensure achieving internal control objectives through improving the efficiency and effectiveness of operations, with adherence to applicable laws and regulations, there is also no recommendation issued by the Audit Committee that conflicts with the decisions of the Board of Directors.

Chairman of the Audit Committee



Tariq bin Khaled Al-Anqari