



أسمنت الجوف
AL JOUF CEMENT

Audit Committee Report to the General Assembly for the Financial Year Ended 31 December 2025G

To / The Shareholders of Al Jouf Cement Company

Respected,

The Audit Committee is pleased to present its annual report for the year 2025, which reviews the most prominent activities of the Committee and the Committee's opinion on the efficiency of the internal control system.

Most Prominent Activities of the Committee During 2025G:

The Committee held several meetings during 2025G in order to carry out matters falling within its scope of competence, the most prominent of which were:

- Studying the quarterly and annual financial statements and submitting the necessary recommendations thereon to the Board of Directors.
- Recommending to the Board of Directors the appointment of the external auditor for the financial year ended 2025G and the first quarter of 2026G.
- Supervising the work of the external auditor and the external audit plan, verifying his independence, ensuring that he is enabled to perform his work, and meeting with him periodically.
- Discussing the management letter concerning the control system issued by the external auditor for the financial year 2024G, during which a full review was conducted of the contents of the letter with the Executive Management, and its responses and remediation plans for each observation were reviewed.
- Recommending the appointment of the internal audit services for 2025G, supervising the work of the internal auditor, approving his plan, reviewing the reports and discussing them with the Executive Management, and following up on the remediation plans.
- Maintaining continuous communication with the Board of Directors to keep it informed of the latest developments and recommendations of the Audit Committee, as well as matters relating to the Company's control system policies.
- The Committee followed up on compliance with the requirements of the Capital Market Authority and the Corporate Governance Regulations, reviewed its work charter to align it with regulatory updates, and supported the Company's efforts to enhance internal policies and procedures and comply with disclosure and transparency requirements.

شركة مساهمة عامة سعودية

رأس المال (1,087,000,000) ريال مدفوعة بالكامل

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Results of the Annual Review of the Effectiveness of the Company's Control System:

The internal control system aims to ensure the achievement of the Company's objectives effectively and efficiently, compliance with laws, regulations and policies, as well as verification of potential risks. The Company's Management is responsible for establishing a comprehensive and effective control system commensurate with the level of risks to which the Company may be exposed. The Audit Committee continuously reviews the periodic reports prepared by the internal and external auditors and the Company's various departments relating to internal control, and provides the necessary guidance regarding such reports.

It is worth noting that the year 2025G witnessed significant institutional changes, including changes in a number of leaders of the Board of Directors and its committees, the appointment of a new Chief Executive Officer and Chief Financial Officer, in addition to the renewal of the chairmen of each of the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. The Committee believes that these transformations represent a real opportunity to rebuild the governance system and internal control controls on sustainable foundations. Since assuming its responsibilities, the new Executive Management has committed to full cooperation with the Audit Committee in diagnosing and addressing deficiencies.

In forming its opinion on the control system, the Committee relied on forming a general constructive opinion based on the internal and external audit reports, the corrective action plans follow-up report, and the reports of the executive departments reviewed by the Committee during 2025G. The Committee indicates that the control system remains weak and requires substantial improvements.

The weaknesses include several aspects of the internal control system, most notably those related to controls for measuring, managing and evaluating inventory — clinker and raw materials — and what has become evident regarding the need for comprehensive enhancement of the policies and procedures system, compliance with the authority matrix, information technology infrastructure, compliance and governance mechanisms, and the absence of risk management. The impact of some of these weaknesses was reflected in the qualified opinion included in the external auditor's report for the financial year 2025G relating to differences in work-in-progress inventory.

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The Committee confirms that this balanced disclosure comes in fulfilment of its commitment to the principle of transparency with shareholders and regulatory authorities, and does not reduce its confidence in the Company's ability to respond effectively to these observations within the framework of a clearly defined action plan.

The Committee further confirms its continued communication with the Executive Management regarding the follow-up of the evaluation of the control system and raising its level of effectiveness in a manner commensurate with the Company's risk appetite, resources and capabilities. The Committee will also continue to submit its recommendations regarding the control system to raise the level of maturity as part of the Company's efforts in the continuous development of the control system.

The Committee reviewed, through the financial statements reports issued during the financial year 2025G, as well as the report prepared at its request by the Governance Department regarding the summary and details of transactions with related parties for 2025G. It became clear to the Committee that there were transactions that had arisen during previous periods and continued during the current period within an existing framework agreement with one of the major shareholders. The Committee would like to indicate that there was no approval or recommendation by the Audit Committee regarding that agreement or the subsequent transactions. Also, no new contracts or transactions were submitted to the Committee during the year for its review.

The Audit Committee renews its full commitment to performing its supervisory and advisory role in serving the interests of the Company and its shareholders. It confirms that balanced disclosure of the identified deficiencies is the basis for the sustainable correction process, and that the year 2026G will be a year of implementation and follow-up in partnership with the Board of Directors and the new Executive Management to restore the efficiency of the internal control system to the level deserved by the Company's shareholders.

The Committee extends its sincere thanks to the esteemed Board of Directors for its continuous support, to the Executive Management for its cooperation, and to the internal and external auditors for their professional efforts and constructive observations.

Abdulaziz Al-Babtain

Chairman of the Audit Committee

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