



Audit Committee Report
For the year ended December 31, 2023

Introduction:

The current Audit Committee was formed by a decision of the 16th Extraordinary General Assembly on 03/10/2021, its charter was approved, and its functions were carried out from 30/11/2018 until the end of the Board of Directors' term, which ends on 29/11/2024, and the Committee is made up of the following members:

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| 1. Abdulaziz Tariq Al Bassam | (Chairman) |
| 2. Othman Mohamed Bafagih | (Member) |
| 3. Mansour Saleh Al Kharboush | (Member) |

The Audit Committee's mandate at Hail Cement Co. is governed by Ministry of Commerce and Capital Market Authority rules and policies, as well as the Audit Committee Charter, which outlines the Committee's tasks, terms of reference, authorities, and responsibilities.

The following is a brief on the most important tasks performed during 2023:

Committee Meetings:

During the year 2023, the Audit Committee met seven times to evaluate and debate the quarterly and annual financial statements, internal audit reports, and executive management reports. The Committee also fulfilled its obligations to oversee the operations of the company and confirm the accuracy and reliability of internal control systems and financial reports. The following are the highlights of the Committee's work in 2023:

First: Financial Reports

- Reviewed and investigated the actions taken in response to the external auditor's observations on the company's quarterly and yearly financial statements.
- Conducted a financial year assessment with the executive and management team to ensure compliance with KSA standards.
- Send the recommendation and the financial statements to the BOD for approval.
- Examined the company's policies and accounting procedures to make sure they adhered to the KSA-approved accounting standards.

Second: Internal Audit Department.

- The Committee oversees the internal audit department's performance, approves audit plans, monitors activities, meets with the manager regularly and reports his findings to executive management.
- The Committee ensured that the internal audit's recommendations were adopted by the company's management and developed mechanisms to maintain their effectiveness.
- The Committee evaluated the internal audit department's independence and efficiency in adhering to applicable standards.

Third: External Auditor

- Evaluated and recommended the best external auditor based on their independence and scope of work to meet engagement requirements.
- Supervised the external auditor's work and met with them quarterly to discuss observations with the company's financial department. Ensured they received the necessary data to express their opinion professionally and independently according to KSA standards.

Fourth: Ensure Compliance

- The Committee studied the reports and observations of the company's regulators and confirmed that the appropriate actions were taken and executed.
- validated the company's compliance with the applicable systems, rules, and policies, the most essential of which are the Whistleblowing Policy and the Credit Policy. expressing their view on requests received from the BOD or management of the organization to the committee.
- followed up with the company's lawyers to inquire about the progress of legal cases filed in its favor or against it.



Fifth: Procedures for providing observations

- The Committee established a suitable system that allows feedback on any violation of the company's internal rules, including those on financial statement preparation, to be provided by staff members, clients, and shareholders without violating their rights.
- The Committee established mechanisms to address employee feedback and preserve their independence.

The results of the annual internal audit of the effectiveness and procedures of the internal control system, finance, and risk management:

The company is responsible for creating a solid and effective internal control system; Based on the information provided to the Committee in 2023, the Committee has not found any evidence of fundamental weakness in the internal control systems in the company. Additionally, We believe that The company has a reasonably comprehensive and effective internal control system. Nonetheless, it should be emphasized that no applied internal control system, no matter how efficient, can guarantee absolute assurance about the applied internal control systems.

Chairman and Members of the Audit Committee:

Mr. Abdulaziz Al Bassam	Chairman Audit Committee	
Mr. Othman Bafagih	Member Audit Committee	
Mr. Mansour Al Kharboush	Member Audit Committee	