

**Audit Committee Annual Report****Northern Region Cement Company****For the Year Ended December 31, 2025****Date:** 26/09/1447H corresponding to 15/03/2026G**Number of Pages:** 6 Pages**To be presented to:** The Shareholders' General Assembly**To the Esteemed Shareholders of Northern Region Cement Company,****Greetings,**

The Audit Committee of Northern Region Cement Company is pleased to present to the shareholders its annual report on its activities for the fiscal year ended December 31, 2025, in accordance with the requirements of the Companies Law and relevant Corporate Governance Regulations.

Throughout the year, the Committee diligently performed its oversight responsibilities to strengthen the Company's governance framework and enhance the transparency and integrity of its financial reporting. This was achieved by overseeing the internal and external audit functions, evaluating the effectiveness of internal control and risk management systems, and ensuring the Company's compliance with applicable laws and regulations, thereby safeguarding the interests of the Company and its shareholders.

First: Competencies and Duties of the Audit Committee

The Committee is responsible for monitoring the Company's business operations and verifying the policies and procedures that ensure the integrity and fairness of the financial reports, statements, and internal control systems. The Committee's specific duties include:

1) Financial Reports:

- Reviewing the quarterly and annual preliminary financial statements prior to their presentation to the Board of Directors, and providing opinions and recommendations to ensure their integrity, fairness, and transparency.
- Providing a technical opinion, at the request of the Board of Directors, on whether the Board's annual report and the Company's financial statements are fair,





balanced, and understandable, and contain the necessary information for shareholders and investors to assess the Company's financial position, performance, business model, and strategy.

- Investigating any significant or unusual matters contained in the financial reports and accounts.
- Examining any issues raised by the Company's Chief Financial Officer , Compliance Officer, or the External Auditor.
- Verifying material accounting estimates contained in the financial reports.
- Reviewing the accounting policies applied by the Company and providing relevant opinions and recommendations to the Board of Directors.

2) Internal Audit:

- Studying and reviewing the Company's internal and financial control systems and risk management framework.
- Supervising the internal audit department's plans and operations, and verifying their effectiveness in accordance with relevant regulations, laws, and professional standards.
- Reviewing internal audit reports and tracking the implementation of corrective actions for any identified observations.
- Monitoring and overseeing the performance and activities of the Internal Auditor and the internal audit department to ensure the availability of necessary resources and their effectiveness in executing assigned duties.
- Ensuring the independence of the internal audit function and empowering it to perform its duties effectively.
- Recommending to the Board of Directors the appointment, remuneration, and dismissal of the Internal Audit Director or Internal Auditor.

3) External Auditor:

- Recommending to the Board of Directors the nomination, dismissal, remuneration, and performance evaluation of the external auditors, after verifying their independence and reviewing their scope of work and contract terms.





- Verifying the external auditor's independence, objectivity, and fairness, as well as the effectiveness of the audit process, considering relevant rules and standards.
- Reviewing the external auditor's plan and scope of work, ensuring no deviations or deficiencies in the execution of their duties, verifying that they do not provide any technical, administrative, or consulting services outside the scope of the audit, and expressing opinions thereon.
- Responding to inquiries raised by the Company's external auditor.
- Studying the external auditor's reports and notes on the financial statements, providing its observations and recommendations (if any), and following up on subsequent actions taken.

4) Ensuring Compliance:

- Reviewing the results of regulatory authorities' reports and verifying that the Company has taken the necessary corrective measures.
- Overseeing the Company's compliance with laws, regulations, policies, and instructions relevant to its scope of work.
- Reviewing proposed contracts and transactions between the Company and related parties, identifying any potential conflicts of interest, and submitting appropriate recommendations to the Board of Directors.
- Reporting to the Board of Directors on any matters within its scope of work that require action, along with recommendations on the necessary steps to be taken.

Second: Audit Committee Meetings

The Committee held five (5) meetings during the fiscal year 2025, with a 100% attendance rate for all meetings. The Audit Committee consists of three members:

#	Name	Position	1st Meeting (10/03/2025)	2nd Meeting(15/05/2025)	3rd Meeting(05/08/2025)	4th Meeting(05/11/2025)	1st Meeting 2026*(11/03/2026)
1	Dr. Faisal bin Hamad Al-Sugair	Chairman	✓	✓	✓	✓	✓





#	Name	Position	1st Meeting (10/03/2025)	2nd Meeting(15/05/2025)	3rd Meeting(05/08/2025)	4th Meeting(05/11/2025)	1st Meeting 2026*(11/03/2026)
2	Mr. Khalid bin Abdulaziz Al-Arifi	Member	✓	✓	✓	✓	✓
3	Mr. Eyad bin Tariq Al-Yahya	Member	✓	✓	✓	✓	✓

* The first Audit Committee meeting for 2026 was held on 11/03/2026, prior to the end of the current term of the Audit Committee and the Board of Directors, which concludes on 16/03/2026.

During these meetings, the Committee discussed various critical financial and regulatory matters pertaining to the Company.

Third: Key Activities of the Committee in 2025

During the 2025 fiscal year, the Audit Committee carried out several oversight activities, notably:

A. Supervising Internal Audit Activities:

The Committee continuously monitored the operations of the Internal Audit Department, which included:

1. Reviewing and evaluating the efficiency of financial and accounting systems.
2. Assessing the effectiveness of internal control systems.
3. Analyzing and evaluating operational and financial risks.
4. Following up on the implementation of recommendations issued by the internal audit function.

The internal audit procedures revealed no material findings. However, continuous improvement is mandated to align with the Company's current expansions.



**B. Reviewing Financial Statements:**

The Committee reviewed and discussed the financial statements with the Executive Management and the External Auditor. This included:

1. Preliminary financial statements for the period ended March 31, 2025.
2. Preliminary financial statements for the period ended June 30, 2025.
3. Preliminary financial statements for the period ended September 30, 2025.
4. Annual financial statements for the year ended December 31, 2025.

The Committee deliberated on the material accounting estimates and applied accounting policies, paying special attention to revenue and cost line items and their associated estimates to ensure fair presentation and accurate measurement. The Committee found no grounds for reservation regarding the integrity and fair presentation of the financial statements.

C. Following Up with the External Auditor:

The Committee reviewed the audit plan, discussed the scope of work, and verified the external auditor's independence and the absence of any conflicts of interest.

D. Reviewing Related Party Transactions:

The Committee reviewed related party transactions executed during the 2025 fiscal year, ensuring they were conducted in accordance with applicable laws and regulations and served the best interests of the Company and its shareholders.

Fourth: Internal Control, Financial Control, and Risk Management

The Committee continuously monitored the evaluation of the Company's internal and financial control systems by reviewing internal audit reports, the management letter, and audit observations.

Furthermore, the Committee reviewed the Company's risk management mechanisms, discussing with Executive Management the primary operational and financial risks and the mitigation measures in place.

The Committee believes that the Company has an adequate internal control, financial control, and risk management framework, which is continuously developed in line with best professional practices to accommodate the Company's size and operational scope.

Fifth: Audit Committee's Opinion



Based on the reports presented and the discussions held with Executive Management and the External Auditor, the Audit Committee concludes the following:

- The financial statements fairly reflect the Company's financial position and operational results.
- There are no material observations affecting the integrity of the financial and accounting systems.
- The internal control and risk management systems are operating with an appropriate degree of efficiency and effectiveness, and will be further developed to align with the Company's size and operations.

Conclusion

The Audit Committee reaffirms its commitment, throughout its term, to enhancing corporate governance and financial oversight within the Company. We will continue to collaborate with the Board of Directors and Executive Management to upgrade control systems and elevate the standards of transparency and disclosure.

Please accept our highest regards and appreciation.

Chairman of the Committee	Committee Member	Committee Member
		
Dr. Faisal bin Hamad Al-Sugair	Mr. Khalid bin Abdulaziz Al-Arifi	Mr. Eya d bin Tariq Al-Yahya

