

The audit committee's report to the general assembly on the results of the annual review of the effectiveness of the company's internal control procedures and the adequacy of the company's internal control and risk management system for the fiscal year ending 31-12-2022.

Introduction:

Article (88): The Audit Committee report, of chapter number 9 (Disclosure & Transparency) from the amended Corporate Governance Regulations states:

- A) The Audit Committee report should detail what it has done of other work that is included in the scope of its competence, also to contain the audit committee opinion regarding the adequacy of the internal control system in the company.
- B) The Board of Directors should deposit sufficient copies of the audit committee report at the company's headquarters and publish it on the company's website and the market's website upon publishing the invitation to the general assembly, to enable shareholders who wish to obtain a copy thereof. A summary of the report is read during the General Assembly.

Clause (d) of Paragraph (2) of Article Twenty-One: Basic Functions of the Board of Directors of the amended Corporate Governance Regulations provides for the annual review of the effectiveness of internal control procedures in the company. Paragraph (10) of Article "eighty-seventh": the report of the board of directors of the amended corporate governance regulations states "the results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system."

First: The performance of the audit committee for the fiscal year 2022

A. Report Scope:

This report contains a summary of the audit committee's activities that took place in the committee's meetings during the year 2022.

B. Committee meetings during the year 2022:

During the year 2022, the committee held four meetings in accordance with the approved committee's plan that is consistent with the Corporate Governance Regulations, as follows:

1. The Ninety-four audit committee meeting (94) held in Riyadh at 16:00 on Wednesday 02-02-2022 corresponding to 01-07-1443 (H).
2. The Ninety-five audit committee meeting (95), which was held remotely at 13:00 on Wednesday 27-04-2022 corresponding to 02-09-1443 (H).
3. The Ninety-Six audit Committee meeting (96), which was held remotely at 13:00 on Monday 15-08-2022 corresponding to 17-01-1444 (H).
4. The Ninety-Seven audit committee meeting (97), which was held remotely at 13:00 on Thursday 01-11-2022 corresponding to 09-04-1444 (H).

C. Activities of Audit committee done during the year 2022:

The following are the topics that were presented to the Audit Committee during the year 2022 and which the Committee studied and made its decisions regarding it:

1. Follow-up to what happened in previous committee meetings (presented at each committee meeting to follow-up on the previous committee's decisions and to know the position of their implementation).

2. The periodic reports from the internal audit section, numbers 4/2021, 1/2022, 2/2022 and 3/2022, (which are reports presenting the position of implementation of the approved internal audit plan and the most important observations that appeared in the internal audit reports).
3. Study the interim financial statements for the first, second and third quarter of the fiscal year 2022 in the presence of the company's external auditor.
4. Statutory approval for the interim financial statements for year 2022.
5. Study the company's closing accounts for the fiscal year ended on 31-12-2022.
6. Discussing the management letter submitted by the external auditors for the fiscal year 2021.
7. Review the draft annual report for the fiscal year 2021.
8. The committee met separately with the external auditor during the meeting for the fiscal year 2021.
9. The committee's recommendation to the board regarding the nominated external auditor and the committee's report to the General Assembly for the fiscal year ended on 31-12-2022 and the first quarter of 2023.
10. The audit committee's report to the Board of Directors on the results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control and risk management system for the fiscal year ending 31-12-2021.
11. At each meeting, a report on the notification of observations regarding any infringement of financial reports or others is presented in accordance with the requirements of governance.
12. Study the audit plan with the external auditor for the year 2022 and make its observations on it, and the committee ensures the independence of the external auditor.
13. Nominating the external auditor for the fiscal year ending on 31-12-2023 and the first quarter of 2024.
14. Discussing the procedures for closing the final accounts and establishing the provisions for the fiscal year ending 31-12-2022.
15. Follow-up report on implementation plans for comprehensive internal audit recommendations for the year 2022.
16. The risk-based internal audit plan for the year 2023.
17. Audit Committee meeting schedule planned for 2023.
18. Form for confirming the implementation of the tasks of the Audit Committee for the year 2022.
19. Updates on the internal audit development plan.



Second: The Audit Committee's report to the Board of Directors on the results of the annual review of the effectiveness of the company's internal control procedures, and the adequacy of the company's internal control and risk management system for the fiscal year ending on 31-12-2022

The Audit Committee works to continuously develop and support internal control and control systems, as the Internal Audit Department conducts audits based on the risk-based plan, which is approved and monitored continuously by the Audit Committee. The audits aim to evaluate the internal control and control system. The audits conducted by the internal audit and external auditors for the effectiveness of the company's internal control and risk management system did not detect any fundamental weakness in the company's internal control and control system.

Accordingly, the Audit Committee believes that the internal control system is effective and sufficient for the company.

The committee discussed the audit report in the meeting (98) which was held on Sunday 05/02/2022 corresponding to 14/07/1444 (H), and recommended it to the board to approve it.

Best Regards,