

Annual Audit Committee Report of Al Yamamah Steel Industries Company for the Fiscal Year Ending on September 30,2023:

To The Respected Shareholders of Al Yamamah Steel Industries Company,

Greetings,

The Audit Committee of Al Yamamah Steel Industries Company (YSICO), Saudi listed company, is pleased to submit its annual report for the Fiscal Year Ended September 30, 2023, about the adequacy and efficiency and the reliability of the internal control systems in minimizing the impact of various risks in achieving the planned objectives and protecting the company's assets from misuse, misconduct and effective management of resources.

➤ **Audit Committee Structure:**

The Audit Committee consists of (3) members, an independent board member and two members from outside the board. The committee membership has expired on June 6, 2023 and the new audit committee members were elected by the Extraordinary General Assembly meeting for a period of three years on June 7, 2023. Chaired by Mr. Mater Alenazi (Independent member from outside the board), Mr. Abdulrahman albluwe (Independent board member) and Mr. Abdullah Almouhana (Independent member from outside the board), The committee's roles and responsibilities were determined by the Extraordinary General Assembly meeting in accordance with the relevant statutory requirements. The committee held (4) meetings during the fiscal year 2023 as shown below:

Member name	1/2/2023	9/5/2023	7/8/2023	20/12/2023	Attendance	Attendance %
Abdulhamid Abdulaziz Alohalı*	✓	✓	X	X	2	100%
Ziyad Abdulqader Altoumi*	✓	✓	X	X	2	100%
Abdullah Abdulkarim Almouhana***	✓	✓	✓	✓	4	100%
Mater Saud Alenazi**	X	X	✓	✓	2	100%
Abdulrahman Rashed Albluwe **	X	X	✓	✓	2	100%

* Audit committee membership expired on 7/6/2023

** Audit committee member elected on 7/6/2023

*** Audit committee member re-elected on 7/6/2023



➤ **The most prominent work that the audit committee carried out within its jurisdiction:**

The audit committee carried out many activities during the fiscal year 2023, the most prominent are:

- Review the quarterly and annual financial statements of the company for the fiscal year ended September 30,2023 and submit the recommendations to the Board of Directors to approve them.
- Reviewing the accounting procedures and policies followed in preparing those financial statements and the extent of their compliance with the International Accounting Standards and International Financial Reporting Standards (IFRS).
- Monitoring the compliance of the YSICO with the regulations of the Capital Market Authority and their updates.
- Ensure that the proper policies and mechanism are available to enable the employees of the company to submit their notes about overriding the internal systems of the company including the those related to the preparation of the financial statements of the company and the secret notification and protection.
- Review and approval of the internal audit plan.
- Supervising the Risk Management team's work and its implemented procedures.
- Review the quotations of independent auditors and the recommendation to appoint the independent auditor.

➤ **Internal Control Systems:**

Internal Audit Department:

- The Audit Committee exercises its work through the activities of review and the internal audit reports. Firstly, supervise the activities of the company's internal audit administration in accordance with the approved plan and ensure of its independence. Secondly, review the internal audit reports for the fiscal year 2023, and follow up the execution of its recommendations.
- The priorities of internal audit plan have been determined and the proposed strategic plan of internal audit based on the Risk Assessment has been placed.

➤ **External Control Management:**

External (Independent) Auditor:

- The audit Committee review the interim auditor's report and the draft reviewed financial statements prepared by the independent auditor on a quarterly basis. They discuss the points that



requires explanations and reviews the notes provided by the independent auditor to ensure proper handling and then recommends the board approval in presence of the Chief Executive Officer and Chief Financial Officer.

- The audit committee followed up with the independent auditor, during the year, the execution of the stated notes in their reports/ the meetings.

Annual Financial Statements for The Fiscal Year Ended September 30, 2023

- After reviewing the annual financial statements ending on September 30, 2023, the Audit Committee considers that consolidated the financial statements, in all material respects, comply with all relevant regulations. The Audit Committee recommended to the Board of Directors to approve the annual consolidated financial statements for the fiscal year ended September 30, 2023.

➤ Results of The Evaluation of Internal Control, Financial and Risk Management Systems:

Based on the information provided by the company's management, the company's internal audit dept and the external auditor, it does not appear to the Audit Committee that there is a material weakness in the company's internal controls, financial or risk management. The Audit Committee perceives that YSICO has appropriate control procedures for internal, financial and risk management.

Your Sincerely,

Chairman of the Audit Committee:

Mater Saud Alenazi



PKF

Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

INDEPENDENT LIMITED ASSURANCE REPORT

TO THE SHAREHOLDERS OF ALYAMAMAH STEEL INDUSTRIES COMPANY
A SAUDI JOINT STOCK COMPANY
JEDDAH, KINGDOM OF SAUDI ARABIA

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INTRODUCTION

According to the request of the management of ALYAMAMAH STEEL INDUSTRIES Company ("the Company"), We have been engaged to perform a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been reported and presented fairly, in all material respects, in accordance with the applicable criteria mentioned below. "applicable criteria".

SUBJECT MATTER

The scope of the engagement relates to the limited assurance engagement to the information submitted by the Chairman of the Board of Directors attached in Appendix No. (1) ("The Notification") prepared in accordance with the requirements of Article (71) of the Regulation of Companies and presented by the Chairman of the Board of Directors of the Company. It consists of the transactions that were carried out by the Company and its subsidiary ("the group") during the year ended 30 September 2023 in which any of the members of the Company's Board of Directors had a personal interest in it, whether directly or indirectly.

APPLICABLE CRITERIA

Article (71) of the Saudi Regulation of Companies issued by the Ministry of Commerce and Investment (1443 H - 2022 G).

MANAGEMENT RESPONSIBILITY

The management and the chairman of the Company's board of directors are responsible for preparing the subject matter of assurance and presenting it as appropriate in accordance with applicable criteria. The Company's management is also responsible for establishing and maintaining an adequate internal control system for the preparation and presentation of the subject matter of assurance that are free of material misstatements, whether arising from fraud or error, choosing and applying appropriate controls, maintaining adequate records, and making reasonable estimates according to the circumstances.

OUR RESPONSIBILITY

It is our responsibility to express the conclusion of a limited assurance on the subject matter of assurance based on the limited assurance engagement that we have performed in accordance with the International Standard for Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" that is endorsed in the Kingdom of Saudi Arabia and the terms and conditions of this engagement as agreed with the Company's management.

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INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ALYAMAMAH STEEL INDUSTRIES COMPANY
A SAUDI JOINT STOCK COMPANY
JEDDAH, KINGDOM OF SAUDI ARABIA

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OUR RESPONSIBILITY (Continued)

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and as such do not provide all of the evidence that would require to provide a reasonable assurance. The procedures performed depend on our professional judgment, including the risk of material misstatement of the subject matter, whether due to fraud or error. While, we considered the effectiveness of management's internal control when determining the nature and extent of our procedure, our engagement was not designed to provide assurance on the effectiveness of internal control system.

INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence requirements in accordance with the Code of Professional Conduct and Ethics for Professional Accountants, issued by the International Ethics Standard Board for Accountants, that is endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Our firm applies International Standard on Quality Management (ISQM 1), "Quality Management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements, that is endorsed in the Kingdom of Saudi Arabia. Accordingly, ISQM 1 maintains a comprehensive system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

SUMMARY OF PROCEDURES PERFORMED

Our procedures regarding systems and controls relating to the preparation of the Notification in accordance with the requirements of Article 71 of the Regulation of Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

The procedures performed in the limited assurance engagement differ in nature and timing and are less in scope than the reasonable assurance engagement. Consequently, the level of assurance obtained in the limited assurance engagement is much less than the assurance that would have been obtained had we performed the reasonable assurance engagement. As part of this engagement, we have not performed any procedures of reviewing, examining, or verifying the subject matter of assurance, nor of the records or other sources from which the subject in question was extracted. Accordingly, we will not express reasonable assurance opinion.



PKF

Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ALYAMAMAH STEEL INDUSTRIES COMPANY
A SAUDI JOINT STOCK COMPANY
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SUMMARY OF PROCEDURES PERFORMED (Continued)

Our assurance procedure are as follows:

- Obtaining a statement that includes a notification from the Chairman of the Board of Directors specifying all transactions and contracts executed during the year ended 30 September 2023 by any member of the company's Board of Directors, whether directly or indirectly, for the benefit of the company during the year, Appendix No. (1);
- Reviewing the minutes of board meetings that indicate that a board member has communicated the board of directors of the transactions and contracts executed by the member of the board of directors and that this member did not vote on the decision issued in this regard at the Board's meeting;
- Obtaining confirmation from the member of the Board of Directors of the works and contracts executed by the member during the year.
- Ensure that the transactions executed during the year ended 30 September 2023 are included in the statement prepared by the Chairman of the Board of Directors and are matching with the transactions included in Note No. (31) of the audited financial statements.

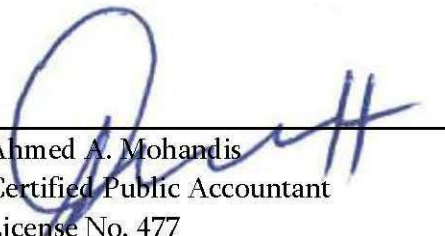
CONCLUSION

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Chairman's notification has not complied, in all material respects, with the Article (71) requirement of the Saudi Regulation of Companies.

RESTRICTIONS ON THE USE OF OUR REPORT

Our report has been solely prepared upon the request of the Company's management to be presented to the shareholders in their meeting in the Ordinary General Assembly in accordance with the requirements of Article (71) of the Saudi Regulation of Companies, and it should not be used for any other purpose

For Al-Bassam & Co.


Ahmed A. Mohandis
Certified Public Accountant
License No. 477



Jeddah: 1 Sha'aban 1445 H
Corresponding to: 11 February 2024

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شركة اليمامة للصناعات الحديدية
Al Yamamah Steel Industries Company

شركة اليمامة للصناعات الحديدية

Al Yamamah Steel Industries Company

Date: 28/06/1445

10/01/2024

Related Party Notification

The Board of Directors discussed the business and construction contracts (no preferential treatments), which took place between Al Yamamah Steel Industries Company during the fiscal year ended September 30, 2023. In which a member of the Board of Directors may has a direct or indirect interest and which were approved by the General Assembly of Shareholders held on 18 Dhul-Qadah, 1444H corresponding to June 7, 2023 for the sale of products based on purchase orders submitted by one of the related parties to another, as follows:

Madar Building Materials Company: It is owned by the shareholder in the subsidiary company (Al Yamamah Company For Reinforcing Steel Bars)/ Al Fozan Holding Company, in which a member of the Board of Directors of the subsidiary company, Mr. Fawzan Mohammed Al Fozan, has an indirect interest, and approves the license for an additional year. These transactions are sales of the company's products and represents the total value of these transactions amounted of (19,171,766) Saudi riyals during the fiscal year ending on 30/09/2023, and the due amount from them was (1,954,294) Saudi riyals as on 30/09/2023.

This Related Party Notification was signed by the attendees members of the Board:

Name

Signature

Mr. Saad Ibrahim Al- Mojel

Mr. Raed Ibrahim Al-Mudaiheem

Mr. Mouhana Abdullah Al-Mouhana

Mr. Adnan Abdel Rahman Al-Mansour

Mr. Khaled Abdullah Al-Shami

Mr. Abdulhameed Abdulaziz Al-Ohali

Mr. Abdulrahman Rashed Albluwe



Date: 28/06/1445

10/01/2024

Related Party Notification

The Board of Directors discussed the business and contracts (no preferential treatments) which took place between Al Yamamah Steel Industries Company during the fiscal year ended September 30, 2023. In which a member of the Board of Directors may have a direct or indirect interest, which were approved by the General Assembly of Shareholders held on 18 Dhul-Qadah, 1444H corresponding to June 7, 2023 for the sale of products based on purchase orders submitted by one of the related parties to another, as follows:

1. Al- Mojel Trading and Contracting Company, which is jointly owned by the Chairman of the Board of Directors Mr. Saad bin Ibrahim Al- Mojel has an indirect interest , and approves the license for an additional year. These transactions represent sales of the company's products, the total value of these transactions represents an amount of (1,354,500) Saudi Riyals during the fiscal year ended September 30, 2023. There was no due amount to that company as of September 30, 2023.
2. Masdar Building Materials Company, owned by the founder Shareholder/ Abdulkadir Al Muhaidib and Sons Company, in which a member of the Board of Directors Mr. Raed Ibrahim Al Mudaiheem has an indirect interest, and approves the license for an additional year. These transactions represent sales of the company's products, the total value of these transactions represents an amount of (166,577,930) Saudi Riyals during the fiscal year ended September 30, 2023. The amount due from that company is (36,674,342) Saudi Riyals as of September 30, 2023.
3. Thabat Construction Company Ltd., owned by the founder Shareholder / Abdulkadir Al Muhaidib and Sons Company, in which a member of the Board of Directors Mr. Raed bin Ibrahim Al Mudaiheem has an indirect interest in it. There were no transactions with them during the fiscal year ended September 30, 2023, the due amount from them was (515,665) Saudi Riyals as of September 30, 2023.
4. Masdar Technical Supplies Company, owned by the founder Shareholder / Abdulkadir Al Muhaidib and Sons Company, in which a member of the Board of Directors Mr. Raed Ibrahim Al Mudaiheem has an indirect interest in it, and approves the license for an additional year. These transactions consist of purchases of products amounted (235,564) Saudi Riyals during the fiscal year ended September 30, 2023, the due amount to them was (4,678) Saudi Riyals as of September 30, 2023.



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5. Masdar Building Materials Company, owned by the founder Shareholder / Abdulkadir Al Muhaidib and Sons Company, in which a member of the Board of Directors Mr. Raed Ibrahim Al Mudaiheem has an indirect interest in it and approves the license for an additional year. The value of purchases amounted to (51,306) Saudi riyals as of 09/30/2023, and there were no amounts due to that company as of 09/30/2023.
6. Masdar Hardware Company, owned by the founder Shareholder / Abdulkadir Al Muhaidib and Sons Company, in which a member of the Board of Directors Mr. Raed Ibrahim Al Mudaiheem has an indirect interest in it and approves the license for an additional year. There were no transactions with them during the fiscal year ended September 30, 2023, and there were no amounts due to that company as of 09/30/2023.
7. Al Mohana Trading Company, owned by the Shareholder and founder / Al Mohana Trading Company has an indirect interest, and approves the license for an additional year. These transactions represent sales of the company's products, and the total value of these transactions represents an amount of (146,771,883) Saudi Riyals during the fiscal year ended September 30, 2023, and the amount due from them was (21,612,625) Saudi Riyals as of September 30, 2023.
8. Al-Mohana Steel Group, owned by a member of the Board of Directors, Mr. Mouhana Abdullah Al-Mouhana has an indirect interest and approves the license for an additional year. These transactions represent sales of the company's products, and the total value of these transactions represents an amount of (94,782,081) Saudi riyals during the fiscal year ended September 30, 2023, the due amount from them was (24,996,604) Saudi Riyals as of September 30, 2023.
9. Al-Rashed Building Materials Company, which is owned by the founder Shareholder / Rashid Abdul Rahman Al-Rashed and Sons Company, in which a member of the Board of Directors Mr. Khalid bin Abdullah Al-Shami has an indirect interest in it and approves the license for an additional year. These transactions represent sales of the company's products, and the total value of these transactions represents an amount of (1,696,047) Saudi Riyals During the fiscal year ended September 30, 2023, there was no due amount to that company as of September 30, 2023.
10. Saudi Services for Electromechanical Works Co., owned by the founder Shareholder / Rashid Abdul Rahman Al-Rashed and Sons Company, in which a board member Mr. Khalid bin Abdullah Al-Shami has an indirect interest in it, and approves the license for an additional year. There were no transactions during the fiscal year ending September 30, 2023, and the amount due to them was (48,428) Saudi Riyals as on September 30, 2023.
11. Al-Rashid Trading and Contracting Company, owned by the founder Shareholder / Rashid Abdul Rahman Al-Rashed and Sons Company, in which a board member Mr. Khalid bin Abdullah Al-Shami has an indirect interest in it and approves to license for an additional year. These transactions represent sales of the company's products, and the total value of these transactions



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12. represents (80,500) Saudi Riyals during the fiscal year ended September 30, 2023 the due amount from them was (92,575) Saudi Riyals as of September 30, 2023.
13. Al-Rashed Fasteners Company, owned by the founder Shareholder / Rashid Abdul Rahman Al-Rashed and Sons Company, in which the board member Mr. Khaled bin Abdullah Al-Shami has an indirect interest in it and approves the license for an additional year. Noting that there were no transactions with them during the fiscal year ended September 30, 2023 and there was no amount due to that company as of September 30, 2023.
14. Rashid Abdul Rahman Al-Rashed and Sons Company for the manufacture of steel products owned by the founder Shareholder / Rashid Abdulrahman Al-Rashed and Sons Company, in which a member of the Board of Directors Mr. Khaled bin Abdullah Al-Shami has an indirect interest in it and approves to license for an additional year. Noting that there were no transactions with them during the fiscal year ended September 30, 2023 and there was no amount due to that company as of September 30, 2023

This Related Party Notification was signed by the attendees members of the Board:

Name

Signature

Mr. Saad Ibrahim Al- Mojel

Mr. Raed Ibrahim Al-Mudaiheem

Mr. Muhana Abdullah Al-Muhana

Mr. Adnan Abdel Rahman Al-Mansour

Mr. Khaled Abdullah Al-Shami

Mr. Abdulhameed Abdulaziz Al-Ohali

Mr. Abdulrahman Rashed Albluwe