

Zamil Industrial Investment Company Audit Committee Report for the Fiscal Year Ending December 31, 2024

According to Article (88) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), the Audit Committee is pleased to submit to the Zamil Industrial Investment Company ("Zamil Industrial") shareholders its annual report for the fiscal year ending December 31, 2024, which includes the adequacy of the Company's internal and financial control systems and risk management systems in the Company.

The Audit Committee is responsible for monitoring the Company's activities and ensuring the integrity and effectiveness of its reports, financial statements, and internal control systems, in accordance with Article (52) of the Corporate Governance Regulations. The Committee's duties include the following:

A) Financial Reports:

- 1- Analyze the Company's interim and annual financial statements prior to presenting them to the Board and provide opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- 2- Provide technical opinion, at the Board's request, regarding whether the Board's report and the financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- 3- Analyze any important or non-familiar issues contained in the financial reports.
- 4- Accurately investigate any issues raised by the Chief Financial Officer – or any person assuming his/her duties – or the Compliance Officer or External Auditor.
- 5- Examine the accounting estimates in respect of significant matters contained in the financial reports.
- 6- Examine the adopted accounting policies and provide its opinion and recommendations to the Board thereon.

B) Internal Audit:

- 1- Examine and review the Company's internal and financial control systems and risk management system.
- 2- Analyze the internal audit reports and follow up the implementation of the corrective measures outlined in such reports.
- 3- Monitor and oversee the performance and activities of the internal auditor and internal audit department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- 4- Recommend to the Board the appointment of the manager of the internal audit department or unit and propose his/her remuneration.

C) External Auditor:

- 1- Recommend to the Board the nomination of external auditors, their dismissal, their remuneration, and assess their performance after verifying their independence, review their scope of work, and contractual terms.
- 2- Verify the auditor's independence, their objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- 3- Review the plan and activities of the Company's external auditor, and ensure that they do not provide any technical, administrative, or consulting works that are beyond their scope, and provide opinion thereon.
- 4- Respond to the Company's external auditor's inquiries.
- 5- Review the external auditor's reports and comments on the financial statements and follow up on actions taken.

D) Ensuring Compliance:

- 1- Review the findings of the reports of supervisory authorities and ensure that the Company has taken the necessary actions in connection therewith.
- 2- Ensure that the Company complies with the relevant laws, regulations, policies, and instructions.
- 3- Review contracts and proposed Related Party Transactions and offer recommendations to the Board.
- 4- Report to the Board any issues that are deemed necessary to take action and provide recommendations about the actions that should be taken.

BOARD AFFAIRS

Financial Reports and Audits:

During 2024, the Audit Committee studied and reviewed the quarterly and annual financial statements with the external auditor and the Company's management. The Committee complied with the deadlines for completing and submitting the following to the Board for approval:

- 1- The financial statements for the year ending December 31, 2024, were approved and published on "Tadawul" website on March 28, 2024.
- 2- The financial statements for Q1 2024 were approved and published on "Tadawul" website on May 15, 2024.
- 3- The financial statements for Q2 2024 were approved and published on "Tadawul" website on August 6, 2024.
- 4- The financial statements for Q3 2024 were approved and published on "Tadawul" website on November 6, 2024.

Audit Committee's Opinion on the Adequacy of the Internal Control Systems:

The Committee periodically evaluates the adequacy of the Company's internal control systems and that of its subsidiaries internally and externally of Saudi Arabia. The internal audit department follows up with the executive management on the implementation of recommendations and corrective actions related to the observations contained in its reports.

Judging by internal review reports, during 2024 the Audit Committee verified the effectiveness of financial, operational, and administrative policies and procedures, and it did not observe any substantial risks that may affect the Company's financial and operational activities and continuity. Minor remarks were observed which are considered within the framework of the daily activities and business of the Company and the segments it operates. The Committee has ensured appropriate solutions and procedures are taken to resolve them. Moreover, the Company management continues to take the necessary actions to mitigate the risks mentioned in the internal audit reports and to comply with the prevailing policies, laws and regulations.

In general, the Audit Committee is confident of the effectiveness of the Company's internal control systems, to achieve the Company's objectives, as well as participate in safeguarding investors and shareholders interests. The Committee continues its efforts to develop the oversight system to ensure continuous improvement.

Audit Plan and Compliance Assurance:

The Audit Committee reviews and approves the annual audit plan prepared by the internal audit department and ensures its implementation. To ensure compliance, the Committee meets quarterly with the internal auditor, external auditor, and executive management.

External Auditor Independence:

The Audit Committee has verified the independence of the external auditor and discussed the Company's financial performance, including the annual and quarterly financial statements and accompanying notes, before presenting them to the Board.

Audit Committee Meetings:

During 2024, the Audit Committee held (7) meetings, performing its duties and functions set out in the Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Audit Committee Charter.



Khalid Mohammad S. Al Fuhaid
Chairman



Sattam Abdulaziz A. Al Zamil
Member



Adel Saleh M. Al Ghassab
Member