

Date: 17 Mar. 2022

Audit Committee Report 2021

**To the shareholders,
Almunajem Foods Company
Riyadh - Saudi Arabia**

Peace be upon you and God's mercy and blessings

Introduction:

Committee formation	The Audit Committee (Committee) of Almunajem Foods Company (Company) was formed by the Assembly General Meeting held on 11 Mar. 2021 to assume the responsibility for independent supervision and control of the Company's business, and to verify the adequacy and integrity of the Company's financial statements and reports, internal control system, and accounting policies. The Committee will also supervise the Internal Audit function and the work performed by the external auditors in accordance with the Company's articles of association and relevant government regulations.
Committee members	Mr. Suliman Abdulrahman Al-Gwaiz - Chairman of the Committee (Independent Member) Mr. Hassan Shakib Al-Jabri - Member of the Committee (Independent Member) Mr. Abdullah Omar Abdullah Bawazir - Member of the Committee (Non-Executive Member)

The Committee accomplishments:

During the year 2021, the Audit Committee held 4 meetings as follows:

Meeting No.	Meeting date	Place
Meeting No. 1	12 Apr. 2021	Remotely through modern communication technologies
Meeting No. 2	05 Jul. 2021	Remotely through modern communication technologies
Meeting No. 3	14 Oct. 2021	Remotely through modern communication technologies
Meeting No. 4	03 Nov. 2021	Remotely through modern communication technologies

During the year 2021, the Committee performed the following primary tasks which fall within the scope of its competence:

- ✓ In the presence of the Committee's members, the external auditor - Ernst & Young (EY) - and the management of the Company, the Committee reviewed and discussed the Company's Financial

Statements for Q1, Q2 and Q3 of 2021, obtained a sufficient understanding of the changes in financial results, and reviewed the reports submitted by the external auditor. After ensuring adequacy and integrity of the accounting policies and disclosures, the Committee recommended adopting the Company's Financial Statements for Q1, Q2 and Q3 of 2021.

- ✓ Reviewed the Company's risk assessment report of the major processes provided by Internal Audit and submitted a list of the most important risks to the Company's management to develop the necessary controls to reduce their occurrence and impact.
- ✓ Reviewed and approved the Company's Internal Audit plan for 2022-
- ✓ Reviewed Internal Audit reports and enquired with Internal Audit Department on the follow up status of the implementation of the recommendations and corrective actions related to the Company's internal controls.
- ✓ Reviewed related party contracts and transactions executed with the Company and provided the Committee's views in this regard to the Company's Board of Directors.
- ✓ Reviewed the proposals submitted by the audit firms, and recommended to the Company's Board of Directors the nomination of the external auditors KPMG and PWC and to submit the nominated external auditors to the General Assembly for selection of a new external auditor to carry out the audit engagement for the fiscal year ended 31 Dec. 2022, and to carry out the review engagements for Q2 and Q3 of 2022 and Q1 of 2023.
- ✓ On 15 Mar. 2022, and in the presence of the Committee's members, the external auditor - Ernst & Young (EY) - and the management of the Company, the Committee reviewed and discussed the Company's draft audited Financial Statements for the Year Ended 31 Dec. 2021 and the auditor's report. After ensuring adequacy and integrity of the accounting policies and disclosures, the Committee, informed the Board of Directors to recommend to the General Assembly the adoption of the audited Financial Statements for the Year Ended 31 Dec. 2021.

Internal and financial control system and the Committee's opinion:

Controls and their effectiveness are critical to achieving the Company's objectives, and the management of the Company is responsible for developing a comprehensive and effective internal control system. The internal control system is based on the Company's management's vision and discretion to establish a control system commensurate with the relative importance of financial and other inherent risks in the Company's activities. Therefore, the internal control system is designed to give reasonable assurance to avoid substantial errors and related losses.

Based on the tasks carried out during the Committee's meetings in 2021, the Committee did not find that there were substantial observations regarding the effectiveness of the Company's internal control system and procedures with a significant impact requiring disclosure and the Committee believes that the Company has an internal control system that is reasonably effective in terms of design and application.



Chairman of the Audit Committee
Suliman Abdul-Rahman Al-Gwaiz