

## **The Audit Committee's Annual Report for the Year Ended December 31, 2024**

Honorable Shareholders of Arabian Pipes Company  
May Allah's peace, mercy and blessings be upon you,

The Audit Committee of the Arabian Pipes Company is pleased to present to the Shareholders of the Company its annual report for the financial year ended on December 31, 2024, this report encompasses the committee's opinion on the adequacy of the internal control system in the Company and the work carried out by the Committee within the scope of its charter, based on relevant statutory requirements.

### **Overview of the Formation of the Audit Committee derived from the Board of Directors:**

The Audit Committee was formed by the Company's General Assembly. The current Audit Committee consists of four members, including two independent members of the board of directors and two members from outside the board.

#### **Audit Committee Members:**

Saad Al-Qahtani, Chairman of the Committee and Member of the Board of Directors  
Maan Abalkhail, Member of the Committee and Member of the Board of Directors  
Khalid Al-Turaifi, Member of the Committee (Outside the Board)  
Saleh Al-Yahya, Member of the Committee (Outside the Board)

The Committee convened five meetings during the year 2024, during which the quarterly and annual financial statements, internal audit activities, and external audit tasks were discussed. The following is a summary of the tasks performed by the Committee during the year 2024:

#### **First: External Audit and Financial Reports:**

- The Committee reviewed the preliminary quarterly and annual financial statements in collaboration with the external auditor and submitted its recommendations to the Board of Directors
- Any financial issues raised by the Chief Financial Officer or the company's auditor were carefully reviewed and analyzed.
- The committee reviewed the proposals from auditors and recommended their appointment.

#### **Second: Internal Audit, Compliance:**

- The Committee reviewed and approved the annual internal audit plan which was prepared by the Internal Audit Department. The Committee ensured that it was implemented in accordance with the agreed schedule.
- The Committee held regular meetings with the head of Internal audit, the external auditor, and the Executive Management of the company
- The Committee monitored and oversaw the performance and activities of the Internal Audit Department and ensured the independence of the internal auditors, the availability adequacy and effectiveness of the resources and the capabilities required to fully perform their duties and tasks assigned to them.
- It was ensured that the implementation of the corrective actions for the observations noted in the internal audit reports and the recommendations of the Audit Committee was followed up on.

**Opinion of the Audit Committee on the adequacy of internal control system:**

**In our opinion, and based on the reports provided by the external auditor and the Internal Audit Department, and through the Committee's regular monitoring of the Executive Management's efforts to address observations and establish controls sufficient to mitigate their impact on the internal control system, no significant deficiencies were evident in the company's internal control system and risk management. It should be noted that no internal control system, regardless of how well-designed or effectively implemented, can provide absolute assurance; rather, it offers reasonable assurance regarding the soundness and effectiveness of the internal control system**

On behalf of the Audit Committee of Arabian Pipes  
Saad Alqahtani

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Audit Committee Chairman