

Audit Committee Report to the Shareholders of Red Sea International Company for the Fiscal Year 2024

First: Objective and Formation of the Audit Committee:

The primary objective and responsibility of the Audit Committee are to ensure the integrity, transparency, and independence of all operations and activities of the Company and its subsidiaries. This is in accordance with the requirements of relevant laws and regulations, as well as local and international professional standards. This objective enables the Board of Directors to fulfill its responsibilities in safeguarding the rights and interests of the shareholders.

The Audit Committee operates with full independence in its decisions. The Company's General Assembly approved the Committee's charter during its meeting on May 2, 2021. This charter outlines the committee working procedures, responsibilities, member selection criteria, nomination processes, remuneration rules, membership terms, and mechanisms for temporary appointments in case of vacancies, in compliance with applicable regulations .

The Committee comprises four members: two non-executive members and two independent members, one of whom specializes in financial and accounting affairs. The current Committee was appointed by the Board of Directors of Red Sea International Company on May 9, 2024, for a three-year term starting on May 10, 2024.

Second: Audit Committee's Responsibilities

The Audit Committee has performed its duties in accordance with its charter and regulatory requirements. The committee supervises the internal audit function within the company, reviews its reports, examines the internal control system, studies the company's preliminary financial reports, reviews the accounting policies followed, and makes necessary recommendations to the Board of Directors. Additionally, the committee provides the final recommendation to the General Assembly regarding the appointment of external auditors. The Audit Committee of Red Sea International Company also submits recommendations to the Board of Directors as needed concerning the company's activities and related risks. The committee receives continuous support and empowerment from the Board to carry out its tasks and duties effectively. It periodically receives various reports and updates from the executive management, external auditors, and internal auditors, and conducts necessary reviews to provide an opinion on the adequacy and effectiveness of the internal control system.

Third: Key Findings

The company's operations in 2024 underwent regular reviews by the internal audit management to assess the adequacy and effectiveness of internal control procedures in safeguarding the company's assets, evaluating operational risks, and measuring overall performance efficiency. The external auditors also evaluated the effectiveness of systems and procedures as part of their review of the consolidated financial statements. The Audit Committee continuously monitors and evaluates the performance of the internal audit management to ensure that audit operations are conducted efficiently and effectively.

Based on its review of periodic reports from executive management, internal audit report, and external auditors' reports and findings for the company's fiscal year 2024, the Audit Committee concludes that there were no significant deficiencies or material changes were identified in the internal control systems. However, the Committee provided certain observations to executive management, agreed on corrective actions with defined timelines, and requested periodic progress updates. The Committee further noted, as part of its commitment to enhancing institutional performance, the importance of developing risk management systems, improving mechanisms for assessing operational risks, and establishing effective methods for measuring overall performance efficiency, given the positive impact such measures have in supporting the Company's continuous improvement efforts.

It is important to note that audit procedures rely on activity sampling; thus, absolute comprehensiveness cannot be guaranteed. The Internal Audit Department continues to collaborate with executive management to enhance the effectiveness and efficiency of the internal control system.

On Behalf of the Audit Committee

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Chairman of the Audit Committee