

Annual Report of the Audit Committee for the Fiscal Year Ending December 31, 2023

Dear Shareholders of the National Gas & Industrialization Company, we are pleased to share with you the Audit Committee report of the National Gas & Industrialization Company, based on Article (88) of the Corporate Governance Regulations.

Appointment and Formation of the Audit Committee

The Company's Audit Committee was appointed during the Ordinary General Assembly meeting held on January 22, 2023. The formation of the Audit Committee was approved by the majority of the votes of those present and the electronic votes. The membership term will end on January 27, 2026. The committee consists of four (4) members; two (2) non-executive board members and two (2) external members, including a specialist in financial affairs.

Below is the list of committee members:

<i>Mr. Ahmad bin Abdulrahman bin Abdulaziz Al-Muhsen</i>	Board Member and Chairman of the Audit Committee
<i>Mr. Raed bin Abdullah bin Saleh Al-Tamimi</i>	Board Member and Member of the Audit Committee
<i>Mr. Fahd bin Yousuf bin Abdullah Al-Khamees</i>	External Member of the Audit Committee
<i>Mr. Mousa bin Abdullah bin Hamad Al-Mousa</i>	External member of the Audit Committee

During the fiscal year 2023, the committee held seven (7) meetings.

Summary of the Main Tasks and Responsibilities Completed by the Audit Committee in the Year 2023

- **First: Financial Reports**

- Reviewing and approving the preliminary quarterly financial results and statements as delegated by the Board of Directors in its decision 05/382 at the board meeting number 382/2022/05 dated 11/12/2022; and recommending to the Board of Directors to approve the annual final financial statements.
- Reviewing compliance in financial statement disclosures, changes in accounting policies, and significant and unexpected events; and verifying accounting estimates in material matters, as well as compliance with accounting standards and other legal requirements.

- **Second: Internal Audit**

- Reviewing and approving the work, scope, tools, methodology, outputs and plan of the internal audit department, which is prepared on the basis of risk assessment, as well as ensuring that the department has the necessary authority and resources to perform its duties while maintaining its independence.
- Reviewing and monitoring the effectiveness of the governance mechanism applied in the company.
- Reviewing and evaluating internal audit reports, as well as following up and monitoring the implementation of corrective actions and the internal audit recommendations to determine whether appropriate actions have been taken.

- **Third: External Audit**

- Recommending, to the Board of Directors, the appointment of the external auditor for the year 2023.
- Reviewing the plan, scope of work, and results of the financial audit processes, along with the related reports of the external auditor, in conjunction with the management's letter and the responses and comments on the audit findings and results.
- Ensuring that the company's executive management provided the appropriate assistance to the external auditor and that no difficulties encountered him during the audit process, including any restrictions on the scope of the audit or access to required information.

- **Fourth: Mechanism and Results of the Annual Review of the Effectiveness of Internal Control Procedures**

The Internal Audit Department executes the annual audit plan approved by the Audit Committee to assess the status of the applied internal controls, focusing on evaluating the control environment, organizational structure, risks, policies and procedures, segregation of duties and information systems. This is performed through random sampling of the planned activities to be reviewed to ensure the effectiveness and efficiency of the designed and implemented internal control regulations and to obtain reasonable assurances about the effectiveness and efficiency of the internal control procedures throughout the year.

The responsibilities of the company's executive management include implementing and overseeing the internal control systems and regulations, verifying their effectiveness and adequacy, and ensuring compliance with the risk level approved by the Board of Directors.

We would like to point out that the company's auditor plans and executes the audit work and, consequently, holds the opinion that the attached

financial statements, with regard to all material respects, the financial position of the company as of December 31, 2023, and the company's financial performance and cash flows for the year ending 31 December 2023 are fairly present. Moreover, they comply with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and releases approved by the Saudi Organization for Certified Public Accountants.

It should be noted that absolute assurance cannot be provided on the comprehensiveness of the examination and evaluation processes for internal control procedures, as the audit process inherently relies on random sampling.

Therefore, the improvement and development efforts of the committee and the internal audit department's team are ongoing to ensure more effective and efficient mechanisms for monitoring internal control processes and procedures.

Please accept our sincere thanks and appreciation,

Chairman of the Audit Committee

Ahmad bin Abdulrahman Al-Muhsen