

Saudi Joint Stock Co.
C.R. 1010073685
P.O. Box 859 Riyadh 11421
Kingdom of Saudi Arabia
Tel. (+966 11) 2658888
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شركة العبد اللطيف للاستثمار الصناعي
Al Abdullatif Industrial Investment Co.

شركة مساهمة سعودية
س.ت : ١٠١٠٠٧٣٦٨٥
ص.ب ٨٥٩ الرياض ١١٤٢١
المملكة العربية السعودية
هاتف: ٢٦٥٨٨٨٨ (+٩٦٦١١)
فاكس: ٢٦٥٩٩٩٩ (+٩٦٦١١)

Report of the Audit Committee of the General Assembly for the year ended 31/12/2023

Dear Shareholders of Al-Abdullatif Industrial Investment Company,

Al-Abdullatif Industrial Investment Company is pleased to submit to the company's shareholders its annual report for the fiscal year ending on December 31, 2023. This report was prepared according to the new Companies Law by the Audit Committee, which expresses its opinion on the adequacy of the internal control system in the company and its work within its jurisdiction, and paragraph (a) of Article (88) of the Corporate Governance Regulations issued by the Capital Market Authority, which stipulates that the report of the Audit Committee shall include details of its performance of its competencies and tasks stipulated in the Companies Law and its executive regulations, provided that it includes its recommendations and opinion on the adequacy of the company's internal control, financial and risk management systems.

❖ Composition of the committee

The Audit Committee was formed by the General Assembly of the Company held on: (12/01/2022)

It consists of the following members:

1. Mr. Majid bin Abdul Rahman bin Nasser Al-Osailan, Chairman of the Committee
2. Mr. Salih Hassan Salih Al-Sheikh, Member of the Committee
3. Mr. Abdulaziz bin Mohammed Al-Suwaidan, member of the Committee
4. Mr. Mohammed bin Hamdan bin Mohammed Al-Sorayai, member of the Committee

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❖ Meetings.

The first meeting was held on	11/03/2023
The second meeting was held on	29/03/2023
The third meeting was held on	26/05/2023
The fourth meeting was held on	02/08/2023
The fifth meeting was held on	01/11/2023

❖ Scope of Works:

The Committee's main objectives are to monitor and review the efficiency of:

- The internal control system of the company through the work carried out by the internal and external auditor of the company and the review of the quarterly and annual financial statements.
- Performing the external auditor of the company and ensuring his independence.
- Performing the internal auditor of the company and ensuring his independence.
- The company's commitment to implement the laws and regulations issued by the relevant legislative authorities.
- Recommending the selection of the external auditor to audit the company's accounts and its quarterly and annual financial statements and determine their fees.
- In addition to its role as a liaison between the Board of Directors, the internal auditor and the external auditor.

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❖ Tasks and terms of reference of the committee:

- Study and express an opinion on the financial statements of the company before presenting them to the Board of Directors, to ensure their integrity, fairness and transparency.
- Examine issues raised by the company's Chief Finance Officer.
- Verifying accounting estimates on material matters contained in financial reports.
- Studying and reviewing the effectiveness of the internal and financial control systems in the company through:
 - Examine significant changes in these systems and discuss the Internal Audit Department's reports, recommendations, and management responses.
 - Follow up on actions taken on recommendations.
 - Study and discuss the auditor's reports, recommendations and management responses on matters related to internal and financial control.
 - Discuss the significant changes in the company's business and work environment and the impact on internal control systems.
- Studying the accounting policies followed in the company by studying the significant changes and requirements of the new amendments made to the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, and expressing an opinion and recommending them to the Board of Directors.
- Approve the internal audit plan and study the internal audit reports and follow up their implementation.
- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.

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- Verifying the company's compliance with the relevant laws, regulations, policies and instructions through the reports of the supervisory authorities, the reports of the internal audit department and the auditor, and verifying that the company has taken the necessary measures in this regard.
- • Audit the company's proposed contracts and transactions with related parties, and submit what it considers to the Board of Directors.
- Recommending to the Board of Directors the appointment of the auditor, determining his fees, evaluating his performance, and verifying his independence.
- Reviewing and discussing a currency plan to verify that it can perform a currency and that information is not withheld from it.
- Recommend to the Board of Directors the actions it deems necessary to take in matters within its competence.
- Supervising the work of the external auditor of the company and ensuring the continuity of his independence and ensuring that there are no obstacles that affect the progress of their work and evaluating the level of efficiency and effectiveness of their performance.
- Study the observations received from the internal auditor and the external auditor of the company and follow up their completion according to the timetable agreed upon with the company's management.



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❖ The Committee's opinion on the adequacy of internal and financial control and risk management:

After confirming that the above-described mandated functions and responsibilities were being carried out, the Audit Committee concluded that there was no evidence of a fundamental weakness or imbalance in the internal control system. Keeping in mind that no internal control, no matter how well-designed it is or how well it is implemented, can guarantee complete certainty, executive management should be advised to monitor and enhance the effectiveness of internal controls at all times in order to prevent potential weaknesses in the business environment. Additionally, it suggests that the company keep updating its policies to reflect its strategic initiatives and restructuring.

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Abdul Aziz Al-Suwaidan

Member of the Audit Committee

Salih Hassan Al-Shaikh

Member of the Audit Committee

Mohammed Al-Soraya

Member of the Audit Committee

Saad Al-Qarni

Secretary of the Audit Committee

Majed Abdul Rahman Al-Osailan

Chairman of the Audit Committee



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Recommendation of the Audit Committee to the General Assembly

On 20/09/1445 AH corresponding to 30/03/2024AD

regarding the Selection of the Chartered Accountant to Perform the External Audit Work

Gentlemen/ General Assembly

Peace and blessings of Allah to you.

The Audit Committee has invited bids from chartered accountants licensed by the Capital Market Authority, at its meeting held on 20/09/1445 AH corresponding to 30/03/2024AD, to audit the accounts of companies and those who can audit the accounts of the company efficiently, according to the guiding controls for the selection of the chartered accountant issued by the Ministry of Commerce, namely:

1. Mr. Al-Ayouti & Co.
2. Talal Abu-Ghazaleh & Co.
3. Ibrahim Ahmed Al-Bassam & Co.

The offers were analysed based on the following items:

Precedent	Office Size	Previous experience in the sector
Starting date of the activity	Independence	approach
Stability	Work Plan	The total value

Accordingly, Mr. Al-Ayouti & Partners Company, and Mr. Talal Abu-Ghazaleh & Partners Company has been nominated. By the Audit Committee, in order to audit the company's accounts for the second and third quarters and the annual lists for the year 2024 and the first quarter of 2025, the recommendation was submitted to the Board of Directors for review at its meeting held on 20/09/1445 AH corresponding to 30/03/2024AD and then presented to the Assembly for selection one of them.

With Hopes for Success



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Abdul Aziz Al-Suwaidan

Member of the Audit Committee

Salih Hassa Al-Shaikh

Member of the Audit Committee

Saad Al-Qarni

Secretary of the Audit Committee

Mohammed Al-Soraya

Member of the Audit Committee

Majed Abdul Rahman Al-Osailan

Chairman of the Audit Committee



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