

The Audit Committee's report for the Fiscal Year 2023

First: Formation of the Audit Committee

The Audit Committee of the National Company for Learning & Education consists of 3 members as follows:

S/N	Name	Position
1	Mohammed bin Farhan bin Nader	Head of the audit committee
2	Khalid bin Saad Al-Sabti	Member of the audit committee
3	Abdul Aziz bin Mohammed Al-Suwailem	Member of the audit committee

Second: The duties of the audit committee

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

a) Financial Reports:

- 1) Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- 2) Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- 3) Analyzing any important or non-familiar issues contained in the financial reports;
- 4) Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- 5) Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- 6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

b) Internal Audit:

- 1) Examining and reviewing the Company's internal and financial control systems and risk management system;
- 2) Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
- 3) Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- 4) Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.

c) External Auditor:

- 1) Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- 2) Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- 3) Reviewing the plan of the Company's external auditor and its activities and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon.
- 4) Responding to queries of the Company's external auditor; and
- 5) Reviewing the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.

d) Ensuring Compliance:

- 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- 2) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- 3) Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- 4) Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Third: Statement of Audit Committee Meetings: -

S/N	Name	Type of Membership	Meeting number and date			
			First meeting 14/11/2022	Second meeting 04/01/2023	Third meeting 03/04/2023	Forth meeting 16/07/2023
1	Mohammed bin Farhan bin Nader	Chairman of the Committee	✓	✓	✓	✓
2	Khalid bin Saad Al-Sabti	Committee member	✓	✓	✓	✓
3	Abdulaziz bin Mohammed Al-Suwailem	Committee member	✓	✓	✓	✓

Fourth: The results of the annual review of the effectiveness of the company's internal control procedures:

The internal audit provides assurance and advisory services with independence and objectivity for the purpose of adding value, improving operations and achieving the Company's goals. Internal audit helps the Company in achieve its goals by adopting a regular approach to evaluate and improve the effectiveness of risk management and internal control, through the committee's tasks during the year, a risk reassessment was carried out on all departments of the company, and as a result, the internal audit plan for the next three years was improved.

Accordingly, the internal audit has started working on the updated plan approved by the committee and carrying out the audits in order to give the necessary assurances on the effectiveness and efficiency of the internal control procedures in the company. The audit work indicates that there is no fundamental deficiency in the internal control systems that require disclosure, with some aspects that require improvement and development of the internal control system.