



The Audit Committee Report for 2025

Date: 04/10/1447H

Corresponding to: 23/03/2026

Subject: Audit Committee Activities During Fiscal Year 2025

Dear Shareholders,

Peace be upon you,

The Audit Committee held five (5) meetings during the fiscal year 2025, through which it exercised its duties and responsibilities in accordance with its approved charter, in compliance with the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority. The Committee focused on enhancing the integrity of financial reporting, improving the efficiency of the internal control system, overseeing internal and external audit activities, and supporting compliance and risk management practices.

The Committee's key activities during the year included the following:

1. Financial Statements and Periodic Reports

- Reviewing the annual financial statements for the fiscal year 2024 and the interim financial statements for the first, second, and third quarters of the fiscal year 2025, and discussing them in detail with the executive management and the external auditor prior to recommending their approval to the Board of Directors.
- Discussing significant accounting estimates and policies, including:
 - Expected credit loss provisions and analyzing their developments and reasons for increase.
 - Depreciation policies linked to actual production capacity and their impact on results.
 - Evaluating the performance of subsidiaries and its reflection on the consolidated financial statements.
- Verifying the Company's compliance with International Financial Reporting Standards and discussing any observations or technical matters raised by the external auditor.
- Reviewing any significant or unusual matters included in the financial reports.
- Examining carefully any issues raised by the Chief Financial Officer, the Compliance Officer, or the external auditor.
- Verifying accounting estimates related to material matters in the financial reports.



- Reviewing the accounting policies adopted and providing recommendations to the Board of Directors accordingly.

2. Internal Audit and Risk Management

- Approving the annual internal audit plan and strategic plan and ensuring that they are based on a risk-based methodology.
- Following up on the implementation of the internal audit plan and ensuring coverage of key high-risk activities.
- Reviewing internal audit reports across a number of departments and activities, most notably:
 - Operations and maintenance.
 - Branches and subsidiaries.
 - Sales and marketing.
 - Procurement and supply chains.
- Issuing recommendations to address observations, including:
 - Strengthening controls over international procurement and contracting mechanisms.
 - Improving asset management and integration of databases across departments.
 - Enhancing maintenance and operational procedures and increasing automation.
- Following up on the implementation of recommendations and ensuring closure of observations after verifying the effectiveness of corrective actions.
- Emphasizing the need to update the risk register, calculate residual risks, and link them to the internal audit plan.
- Supervising and overseeing the performance and activities of the Internal Audit Department to ensure adequate resources, effectiveness in performing assigned duties, and maintaining independence.

3. External Auditor

- Recommending to the Board of Directors the appointment, removal, determination of fees, and evaluation of the performance of the external auditor.



- Discussing the audit scope, audit plan, and materiality levels with the external auditor.
- Reviewing the results of the external auditor's work and reports and discussing the observations therein.
- Verifying the independence of the external auditor and the absence of any conflicts of interest.
- Reviewing proposals submitted by audit firms and recommending the appropriate auditor and determining their fees.
- Ensuring the auditor's independence, objectivity, fairness, and effectiveness, taking into account relevant rules and standards.
- Reviewing the external auditor's plan and work and ensuring that no technical or administrative services are provided outside the scope of audit work.
- Responding to the external auditor's inquiries.
- Reviewing the external auditor's report on the financial statements and following up on actions taken.

4. Compliance and Governance

- Reviewing the results of regulatory reports and ensuring that the Company has taken the necessary actions.
- Verifying the Company's compliance with laws, regulations, policies, and instructions.
- Reviewing contracts and related-party transactions proposed to be entered into by the Company and providing recommendations to the Board.
- Escalating matters requiring action to the Board and recommending appropriate measures.
- Reviewing the formation of the Audit Committee for the new term and ensuring compliance with regulatory requirements.
- Reviewing and updating the Committee Charter in line with best professional practices.
- Following up on changes in the Internal Audit structure and ensuring its independence and effectiveness.



In addition, the Committee oversees investigations related to fraud or errors within the Company or any other matters it deems necessary. For this purpose, the Committee has established a Whistleblowing Policy that includes a clear mechanism for confidential reporting of any irregularities in financial reporting or otherwise, through a dedicated email address and reporting channels. Such reports are reviewed by the Internal Auditor, who assesses their materiality and submits a report to the Audit Committee. The Committee ensures proper implementation of this mechanism, conducts independent investigations where appropriate, and adopts suitable follow-up procedures. The Committee reviews such matters on a quarterly basis.

Audit Committee Opinion on the Adequacy of the Internal Control System for Fiscal Year 2025

Based on the above, and in light of the audit and review work performed by the external auditor up to the end of fiscal year 2025, and the internal audit work carried out during the year, and considering that no internal control system, regardless of the soundness of its design and effectiveness of its implementation, can provide absolute assurance, the Audit Committee did not identify any material weaknesses in the internal control system of the Company.

The Committee continues to recommend that management maintain continuous efforts to develop and enhance the efficiency and effectiveness of internal controls, continuously update policies and procedures, and implement observations arising from internal audit reports in line with the nature of the Company's activities.

The Committee also emphasizes the importance of continuous evaluation of all subsidiary activities across operational, financial, compliance, and risk management aspects, particularly in light of the Company's expansion and increasing operational and financial challenges.

Sincerely,



Chairman of the Audit Committee

Khalid Ali Otain