



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

List of Attachments

1-AC Report for the fiscal year 2023

** *** **

- Link of the Financial Statements
- Link of the BOD's Annual Report

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**Audit Committee's Report of Fitaihi Holding Group
For the Fiscal Year Ending on 31/12/2023, Submitted to the General Assembly¹**

About the Formation of the Board's Audit Committee:

The Audit Committee consists of three Members as follows:

- Dr. Adnan Abdulfattah Soufi (Chair - Independent).
- Dr. Ibrahim Hassan Al-Madhoun (Member - Non-Executive).
- Dr. Ibrahim M. Omar Badawood (Member - Independent).

Duties and Responsibilities:

The audit committee shall be competent to monitor the Company's activities and to ensure 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. Examining the Company's interim and annual financial statements before referring to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency;
2. Examining the accounting estimates in respect of significant matters that are contained in the financial reports;
3. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon;
4. Reporting its proposals and recommendations to the Board for approval;
5. Ensuring that the Board is aware of all matters that affect substantially the financial matters and administrative affairs; and
6. Auditing the annual report prior to its publication and ensuring that that the information is understandable and in conformity with the knowledge of Members about the Company and its activities as well as reviewing any legal issues that affect the financial position of the Company.

B) Internal Audit:

1. Examining and reviewing the Company's internal and financial control systems and risk management system;
2. Examining the internal audit reports and following up on the implementation of the corrective measures in respect of the remarks made in such reports;
3. Providing a recommendation to the Board on appointing the manager of the internal audit department, or the internal auditor and suggest his/her remunerations;
4. Verifying the adequacy and efficiency of the control activities in the facility, in an appropriate way, limiting and detecting fraud and errors, immediately upon occurrence, and the effectiveness of the implementation of control activities;

¹ Paragraph A - -2) of Article 88 - Corporate Governance Regulations (Audit Committee Report)



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5. Overseeing investigations related to fraud or errors occurred in the Company or any matters that the committee deems important for investigation;
6. Examining the nomination applications for the internal auditor post in the Company, remuneration, allowances, and other benefits allocated and nomination of the most suitable person;
7. The Audit Committee's recommended to appoint **(Talal Abu-Ghazaleh Global)** to perform the internal audit tasks;
8. The Audit Committee and the Risk Management Committee have recommended that **(Talal Abu-Ghazaleh Global)** should also examine and assess the risks that may encounter the Company and methods for managing the same; and
9. There are no recommendations of the Audit Committee that conflict with the resolution of the Board of Directors, or the Board disregarded the same with regard to the appointment, dismissal, fees determination, and performance evaluation of the Company's auditor.

C) External Auditor

1. Providing recommendations to the Board to nominate, dismiss, determine the fees and assess the performance of the external auditors after verifying their independence and reviewing the scope of their work and the terms of their contracts;
2. Reviewing the plan of the Company's 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;
3. Responding to queries of the Company's external auditor;
4. Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith;
5. Ensuring that the important notices and recommendations submitted by the auditor have been received and discussed timely; and
6. Ensuring the response of the management to the recommendations of the auditor.

D) Ensuring Compliance

1. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in this regard.
2. Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
3. Currently, the Audit Committee is concerned with everything related to the implementation of the corporate governance laws and regulations.
4. Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in this regard.
5. Reporting to the Board any issues it deems necessary to take action thereon, and providing recommendations as to the actions to be taken.



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E) Summary of the Most Significant Achievements of the Audit Committee during the FY 2023:

1. Review the Company's interim and annual financial statements and reporting to the Board about these recommendations;
2. Follow up on the work of (BDO), external auditor, as well as periodic meetings with its representatives, and check the progress of their work;
3. Follow up the internal auditor's work (Talal Abu-Ghazaleh & Partners), meeting periodically with their representatives and checking the progress of their work (internal audit - risk assessment); and
4. Ensure the Company's compliance with the relevant laws, regulations, policies, and instructions.

F) Audit Committee Meetings

The Audit Committee held (5) meetings during the FY 2023. Below is the attendance status of the Committee Members in these meetings:²

Member Name	Membershi p Nature	Number of Meetings (5 meetings)*					Total
		1st. Meeting 05/02/2023	2nd. Meeting 21/03/2023	3rd. Meeting 21/05/2023	4th. Meeting 10/08/2023	5th. Meeting 09/11/2023	
Dr. Adnan Abdulfattah Soufi	Chair	✓	✓	✓	✓	-	4
Dr. Ibrahim Hassan Al- Madhoun	Member	✓	✓	✓	✓	✓	5
Dr. Ibrahim M. Omar Badawood	Member	✓	✓	✓	✓	✓	5

* In addition to field visits to the branches and periodic meetings with the external auditor, the internal auditor and some of the Company's departments (particularly the financial department) in order to assess their work from time to time and supervise the inventory operations in specific periods.

G) The Audit Committee's Opinion on the Adequacy of the Company's internal control system

The Audit Committee disregarded any matters, leading to a perception there is a fundamental deficiency that requires disclosure regarding the internal control systems and what is related to the preparation of the financial reports.

We believe that the Company's internal control system is operating effectively, which assists to develop a general perception of the risks that the Company may encounter. There are no material

² Paragraph 31) of Article 87 - Corporate Governance Regulations- (Disclosure in the Board's Report)



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events that occurred during the **FY 2023** that requires disclosure ([other than what was announced on the Tadawul website](#)).

According to the Audit Committee's recommendation, (**Talal Abu-Ghazaleh Global**) will be appointed to perform the internal audit tasks, examine, and assess the risks that the Company may encounter and relevant means to manage the same during the FY 2024.

Chair of Audit Committee

Dr. Adnan Abdulfattah Mohammed Soufi