



Audit Committee
Report 2020

Audit Committee Report

To our shareholders | Seera Holding Group | Riyadh, Saudi Arabia

Introduction

The existence of an effective internal control system is one of the main responsibilities of the Board of Directors (the Board). The objectives of the Audit Committee (the Committee) are:

Assisting the Board in fulfilling its responsibilities regarding the existence and adequacy of the internal control system and its effective implementation and making any recommendations.

The Board would enhance the system and develop it in a way that achieves the objectives of the Group and protects the interests of Shareholders with high efficiency and reasonable cost.

During 2020, the Audit Committee met five times, during which the initial and annual financial statements and the internal audit work were discussed. In consideration of the financial statements and information provided by the executive management and the external auditor a committee was established. The review performs the following actions:

1. The Preliminary and Annual Financial Statements

- Studying the initial and annual financial statements of the Group before submitting them to the Board of Directors, expressing an opinion about them and recommending them to ensure their integrity, fairness and transparency.
- Express a technical opinion on whether the report of the Board of Directors and the financial statements of the Group are fair, balanced and understandable, and include information made available to the Shareholders. Investors will evaluate the Group's financial position, performance, business model and strategy.
- Study any important or unfamiliar issues included in the financial reports.
- Carefully research any issues raised by the Group's financial manager, whoever assumes his duties, the Group's compliance officer, or the auditor.
- Examine the accounting estimates in the fundamental issues mentioned in the financial reports.
- Study the accounting policies applied to it according to the nature of its work and express opinion and recommendation to the Board of Directors regarding them.

2. The Internal Audit

- Control and supervise the performance and activities of the Group's internal audit department, in order to verify the availability of the necessary resources and their effectiveness in carrying out the work and the tasks assigned to it.
- Study and review the internal audit reports, follow up on the implementation of corrective measures for the observations contained therein, and inform the Board of Directors of the essential observations.
- Activating the reporting policy mechanism for the Group's employees in order to provide their comments regarding any excess of financial or other reports in confidence.
- Reviewing and approving the annual plan for internal audit.
- Verify the independence of the internal audit department and the effectiveness of the audit work, in line with the relevant standards.

3. The External Auditor

- Reviewing the work plan of the external auditor and his work, ensuring that he does not present technical or administrative works outside the scope of the audit work, and expressing its views on that.
- Verifying the independence, objectivity and fairness of the external auditor, and the effectiveness of the audit work, considering the relevant rules and standards.
- Answer the enquiries of the Group's external auditor.
- Study the external auditor's report and his notes on the financial statements and follow up on what has been taken in their regard.

4. Reviewing the Commitment

- Reviewing the contracts and dealings proposed to be conducted by the Group with related parties and submitting its opinions on this to the Board of Directors.
- Verify the Group's compliance with the relevant laws, regulations, policies and instructions.
- Raise the issues it deems necessary to act in their regard to the Board of Directors and make recommendations on the actions that need to be taken.
- Review the results of the reports of the regulatory authorities and verify that the Group has taken the necessary actions in this regard.

Opinion of the Audit Committee

During its meetings, the Committee reviewed the periodic reports of the internal audit, and it also met with the external auditor, and reviewed the reports issued by him. The Committee periodically followed up the efforts of the executive management to ensure that the observations that were discovered were addressed and that adequate controls were put in place that limit their impact on the internal control system. Based on this, no material observations were found on the internal control system that would affect the soundness and fairness of the financial statements.

Note that any internal control system cannot provide absolute assurances, but rather provide reasonable assurances about the toxicity and effectiveness of the internal control system. There is a conflict between the recommendations and decisions of the Audit Committee and the Board of Directors.

Chairman of the Audit Committee
Abdullah bin Abdulrahman Al-Ayadi