

Audit Committee Report 2023

1. Introduction

We are pleased to present the Audit Committee report for the financial year ending December 31, 2023. The report has been prepared pursuant to Article (88) of Corporate Governance regulations issued by CMA, which states the Audit Committee's report should include details of its competencies and duties stated in Article (52), provided that the report contains its recommendation and opinion on the adequacy of the internal and financial control systems and risk management system in the Company.

2. Audit Committee Members and Attendance

A. Audit Committee Formation

The Audit Committee consists of three members, appointed by the General Assembly in its meeting held on 7th Sept 2021, for three years.

SN	Name	Position	
1	Mr. Bader Ibrahim ALSwailem	Chairman	Independent
2	Mr. Sattam Abdulaziz ALZamil	Member	Independent
3	Mr. Abdulaziz Saudi ALShabeebi	Member	Outside the Board

B. Audit Committee Meetings

The Audit Committee shall convene periodically, provided that at least four (4) meetings to be held during the Company's financial year. During 2023, the Committee has held eight (8) meetings.

3. Audit Committee Duties and Responsibility

A. Financial

1. Analyze the company's interim and annual Financial Statements as per IFRS and provide its opinion and recommendation to the Board to ensure their integrity, fairness, and transparency.
2. Examine and review the accounting estimates in respect of significant matters that are contained in the financial reports.
3. Examine and review the accounting policies followed by the Company and provide its opinion and recommendation to the Board thereon.

B. Internal Audit

1. Analyze the Internal Audit reports and following up the implementation of correct measures in respect of the remarks made in such reports.
2. Examine and review the Company's internal and financial control systems and risk management system.
3. Monitor and oversee the performance and activities of the Internal Auditor and the Internal Audit Department of the Company.

C. External Auditor

1. Provide recommendation to the Board to nominate external auditors and 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. Review the external auditor's report and its comments on the financial statements and following up the procedures taken in connection therewith.

D. Compliance

1. Review the compliance report from compliance officer to ensure the Company's compliance with relevant laws, regulation, policies, and instructions.
2. Review the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
3. Review the contracts and transactions concluded with the related parties and providing its recommendation to the board in connection therewith.

4. Audit Committee's views on the adequacy of the internal control systems and risk management

The Audit Committee oversees the internal audit department, which periodically reviews the adequacy and effectiveness of the internal control system, to provide a continuous assessment of the internal control system and its effectiveness. The Committee also reviews the external auditor's reports and management letter, which might include any weakness of internal control noted by external auditor as part of their internal control assessment. The Committee also reviews the compliance report from the compliance officer. The management has created risk management committee for the management of the Company's risk.

Based on the above, the Audit Committee believes that the internal control systems and risk management within the Company is designed and effectively serves organizational objectives, efficiency, reporting reliability and compliance with no indicated material deficiency or material deviations therefrom.