

United Wire Factories Company

The annual audit committee report

For the fiscal year ending December 31, 2023

The annual audit committee report of the United Wire Factories Company
For the fiscal year ending on December 31, 2023

To United Wires Factories Company share holders

Riyadh – KSA

Peace and God's mercy and blessings be upon you,

The audit committee of the United Wire Factories Company is pleased to submit its annual report for the fiscal year ending 12/31/2023 AD.

Introduction

The control procedures and their effectiveness are very important and play a pivotal role in achieving the company's objectives, and the company's management is responsible for preparing a comprehensive and effective system of internal control. The internal control system is based on the company's management's vision and discretion to establish a control system commensurate with the relative importance of financial and other risks inherent in the company's activities. And with a reasonable cost and benefit to activate limited controls. The internal control system is designed for the purpose of managing the risks of not achieving the goals and not to avoid them, and therefore the internal control system is designed to give reasonable assurances to avoid material errors and related losses. In addition, the Audit Committee periodically reviews the reports prepared by the internal and external auditors, and these reports include an assessment of the adequacy and effectiveness of internal control.

Formation of the Audit Committee:

the audit committee is an independent committee formed by a decision of the company's ordinary general assembly, with a mandate to monitor the company's business and verify the accuracy and integrity of the reports and financial statements, and accounting policies And supervise the work of the internal audit and the external auditors and then report on the adequacy and reliability of the internal control systems to achieve the company's goals.

The company's audit committee consists of 3 members, two independent member and one members from outside the board. The members of the committee were appointed in accordance with the decision of the general assembly of the company for a period of three years, starting from 4/10/2022 to 9/4/2025 AD, and the tasks of the committee, its work controls, and the remuneration of its members were determined by the general assembly of the company according to the requirements Related systemic.

Committee Meetings:

The committee held 4 (Four) meetings during the fiscal year 2023 AD, with the attendance of all its members.

The most prominent work done during Year 2023 AD by the committee Within the scope of its competence.

The Audit Committee carried out many activities and works during the fiscal year 2023 AD, during which the preliminary and annual financial reports and statements, internal, external auditors and compliance audits were discussed, considering the financial statements and information provided from the executive committee and the external auditors. Accordingly, the audit committee carried out the following tasks:

Initial and annual financial reports and statements for the year 2023

- The preliminary (interim) financial statements of the company were studied before presenting them to the Board of Directors and expressing an opinion on them and making a recommendation on them.
- After the committee's review of the annual financial statements ending on December 31, 2023, AD, the committee found that the financial statements in all material respects comply with all relevant regulations and recommended to the Board of Directors for approval.
- The accounting policies used in preparing the financial statements and their compatibility with the accounting standards applied in the Kingdom of Saudi Arabia were studied.
- Accounting estimates have been studied in the material issues contained in the financial reports.
- A technical opinion has been expressed as to whether the report of the Board of Directors and the company's financial statements are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the company's financial position, performance, and business model.

The internal audit for the year 2023

- The performance and activities of the company's internal auditor were monitored and supervised to verify the availability of the necessary resources and their effectiveness in carrying out the work and tasks assigned to them.

- The relationship between management and the internal auditor was supervised, and ensure the independence of the internal auditor, and the effectiveness of audit work, in line with the relevant standards.
- The annual audit plan for the internal audit for the year 2023 was reviewed and approved according to the risk assessment study prepared by the internal auditor.
- The internal audit reports for the year 2023 have been studied and reviewed. And follow up the implementation of the corrective procedures for the observations contained therein, The Board of Directors has been notified of the contents.
- The requests to nominate the internal auditor, recommend his appointment and determine his fees for the year 2024 AD were studied.

External Audit for the year 2023

- Reviewed the company's auditors plan and the scope of the external audit work, and it was verified that he did not submit technical or administrative works outside the scope of the audit work.
- Supervised the relationship between the management and the auditor, Verified the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into account the relevant rules and standards.
- The auditor's report and his notes on the financial statements for the year 2023 have been studied, and what has been taken regarding them has been followed up.
- Studied the management letter for the year 2023 issued by the auditor and the extent of the management's commitment to implementing the recommendations contained therein.
- Studied the auditor's nomination offers, and Recommendation to the Board of Directors to nominate the auditor for the year 2024 AD, after verifying their independence and reviewing the scope of their work and the terms of their contract were studied.

Compliance review for the year 2023

- Verified the company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewed the contracts and transactions that the company made with related parties for the year 2023, and the committee presented its views in this regard to the Board of Directors.

Results of assessing internal and financial control systems and risks

Based on what was provided by the company's internal auditor and the company's external auditor, the audit committee believes that the company has a reasonably adequate internal control system in terms of design and implementation with a chance to enhancements and development, and there is no doubt about the company's ability to continue its business, during the year 2023 there were no substantive observations regarding the effectiveness of The company's internal control system and procedures.

Audit Committee Head

Khaled Mohammed Al-Khwaiter