

SAUDI NETWORKERS SERVICES CO



Saudi Networkers Services Co

Audit Committee report to the shareholders

For the financial year ended on 31 December 2022

M/S: The shareholders of Saudi Networkers Services Co

The Audit Committee of **Saudi Networkers Services Co** (the company) has pleasure to present its report for the year ended 31 December 2022. Audit Committee is a board committee established by a resolution of the shareholders general assembly as per the Company bylaws. The committee consists of three members as follows:

Name	Capacity
Mr. Adel Mohammed Mallawi	Chairman
Mr. Osama Ahmad Ishaq Ben Saleh	Member
Mr. Asher Noor Nisar Akhtar	Member

During the year ended 31 December 2022, the committee held five meetings.

As per its terms of reference approved by the shareholders general assembly, the committee continuously supervised internal and external audit processes. Through coordination with the internal audit department and the executive management of the company, the committee verifies the competence and effectiveness of the company internal control system. Further, the committee verifies the auditors' observations and recommendations and the soundness of the procedures already taken by management to apply these recommendations through the information it received within the reports issued from internal audit department.

As part of its duty, the company internal audit department examines the competence and effectiveness of the internal control system and verifies its application by various departments of the company. This is done by executing an annual internal audit plan prepared on the basis of risks assessment. Further, the committee prepares & presents reports to the board of directors on the results of its activities during the year.

Below is a summary of the committee activities during the year ended on 31 December 2022.

First: External audit & financial reports:

- 1- The committee discussed with the executive management of the company results of operations and financial position as appeared in the audited financial statements for the year ended 31 December 2022
- 2- Through its direct meetings with external auditors, the committee verified auditors' independence and their commitment to carry out examining and auditing in accordance with the relevant standards and in accordance with the agreement and the approved professional fees. In these meetings, the committee presented questions to the auditors and to the company executive management to verify the completion of audit works and the existence of the bases that support the auditors' opinion, as well as discussing the points mentioned in the management letter and follow-up of their closure. The committee separately met with external auditors to freely understand if there are any observations on the cooperation and performance of the company finance department and the any restrictions on audit work, the adequacy of various provisions and estimates, the necessary basis on which the opinion of the external auditors is

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built, and that the data and financial report content is materially complete & consisting of the important financial information. The committee raised its recommendations on the financial reports and the external auditor's reports for the year ended 31 December 2022 for discussion and approval. In addition to that the committee reviewed the interim financial statements for period ended 30 June 2022. Audit committee also recommends to general assembly appointing & approving fees of Price water house Coopers (PwC) as external auditor of the company among the candidates Price water house Coopers (PwC) & Dr. Mohammed Al-Amri & Co in order to audit the financial statements for the half year end (30 June 2023) and annual year end (31 December 2023).

Second: Internal audit:

- 1- In its meetings, the committee verifies the independence of the company internal auditors, the availability & adequacy of the necessary sources and abilities to perform their tasks properly in the form that serves the company interests. The committee directly supervises the competent personnel to carry out the approved internal audit plan.
- 2- The committee reviews and verified the implementation of the annual audit plan prepared by internal audit department and approved it.
- 3- Through performing its ordinary tasks, the audit committee reviews the company internal control system to make sure of its competence, effectiveness, application and complying with it by the company. This is assessed as well through the implementation of the annual internal audit plan.
- 4- The committee follows up the implementation of the agreed upon corrective procedures by management especially issues of high risks.
- 5- The committee held regular meetings with the external auditors, the company management & the internal auditors in 2022.

Third: the committee's opinion on the company internal control system:

Based on the outcomes of internal audit processes, the management works of carrying out any corrective procedures, the works of the external auditors and their outcomes and the discussions held with them and with the management, as per the reports raised to the audit committee during the financial year 2022, and the discussion made by the committee, there is no material weakness appeared to the committee in the company internal control system that requires to be disclosed, keeping in view that any audit, review or assessment cannot give an absolute confirmation as to the effectiveness of any internal control system.

For Audit Committee of Saudi Networkers Services Co.



Adel Mohammed Mallawi

Audit Committee Chairman