



## **Audit Committee Report Annual Report 2023**

### **Respected Shareholders of United International Transportation Company**

Greetings,

The Audit Committee of the United International Transportation Company (where referred to in this report as the group or company) - a public joint stock company - is pleased to present its annual report for the fiscal year ending on December 31, 2023 on the adequacy, efficiency, and thus the reliability of the internal control systems in managing and reducing the impact of various risks on achieving the planned goals, protecting the company's assets from fraud and misuse, and achieving efficiency in managing resources.

#### ▪ **Audit Committee Structure:**

The current Audit Committee consists of (5) members, a non-executive member, an independent member, and three Independent Member -Not a Board Member. The chairman and members of the committee were appointed by the company's general assembly for a period of three years. The committee's duties, responsibilities, and remuneration were determined by the company's general assembly in accordance with the relevant statutory requirements. The committee held (4) meetings during the fiscal year 2023.

The Audit Committee has a charter that complies with the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority and approved by the General Assembly.



- **Audit committee members:**

Name	Membership status	Nature of Membership
Muhammad Abdulaziz Al-Ghannam	Non-Executive Board Member	Chairman of the Committee
Ahmed Abdullatif Al Barak	Independent Board Member	Committee member
Khalid Ahmed Refaat	Independent Member -Not a Board Member	Committee member
Muhammad Qaadani Al-Otaibi	Independent Member -Not a Board Member	Committee member
Adeeb Muhammad Abanmi	Independent Member -Not a Board Member	Committee member

▪ **The Highlights of the work carried out by the committee within the scope of its competence:**

The Audit Committee carried out many activities during the year 2023, the most prominent of which are :

- Supporting the Board of Directors in its evaluation of the adequacy and efficiency of the internal and financial control systems, accounting practices, and auditing processes applied within the company.
- Studying the company's quarterly and annual financial statements for the fiscal year ending on 31/12/2023 and submitting recommendations to the Board of Directors to approve them.
- Monitoring the extent of the company's compliance with the regulations of the Capital Market Authority and the updates that occurred thereto.
- Reviewing the accounting procedures and policies that were followed in the preparation of these statements and the extent of their agreement with the International Accounting Standards (IFRS).
- Studying the reports of the regulatory authorities regarding the company's compliance with the relevant regulations and instructions and ensuring that the company takes the necessary measures in this regard.
- Overseeing the work of the Internal Audit Department and its executive procedures.
- Review and approval of the internal audit plan.



- Ensure the existence of an appropriate policy and procedures through which the company's employees can provide their observations regarding bypassing the company's internal systems, including those related to the preparation of the company's financial statements, confidentiality of reporting and protection.

▪ **Communication with the Board of directors**

No conflicts were discovered between the Committee and the Board of Directors during the year.

▪ **The main activities of the committee during the year ending on December 31, 2023.**

The committee carried out its duties and responsibilities during the fiscal year in accordance with its charter as follows:

▪ **Internal control systems:**

**Internal Audit Department:**

The internal audit plays an important role in evaluating the effectiveness of the internal control systems through the audit program, which continuously evaluates the risks in the group. The following are the main activities carried out by the committee during the year:

- Supervise the activity and control the performance of the group's internal audit department in accordance with the approved plan and ensure its independence.
- Review the internal audit reports for the fiscal year 2023 , and follow up on the implementation of its recommendations.
- Determining internal audit priorities and developing the proposed risk-based internal audit strategic plan.



▪ **External control of the company:**

**External auditor:**

- Every quarter, the Audit Committee reviews the external auditor's reports and the draft financial statements issued by the auditor. The management and the assigned external audit team head discuss the items requiring clarification besides reviewing the notes to ensure they are addressed and then recommending their adoption after reviewing them in the presence of the CEO and the Chief Financial Officer.
- The Committee evaluates the auditor's independence and reviews the scope of their work and the terms of their contract.
- evaluates the company's accounting policies.
- Reviewing the group auditor activities and work plan.

The Ordinary General Assembly, held on April 29, 2021, approved the appointment of the external auditor KPMG as the company's auditor, to examine and audit the quarterly and annual financial statements for the fiscal year 2023.

▪ **Commitment :**

- The committee believes that the group is committed to the relevant laws, regulations, policies, and procedures.
- The committee follows up on the results of the oversight authorities' reports and verifies that the necessary measures have been taken in this regard .
- The committee reviews the contracts and transactions proposed to be conducted by the company with the related parties .

▪ **The annual financial statements ending on 31<sup>st</sup> December 2023 :**

After the committee reviewed the annual financial statements ending on 31 December 2023. The Committee is of the opinion that the financial statements, in all material respects, comply with all relevant regulations. Accordingly, the committee recommended the Board of Directors to approve the annual financial statements for the fiscal year ending on 31 December 2023.



▪ **Results of evaluating internal and financial control systems and risk management:**

Based on the annual examination of the internal control procedures during the year 2023 , and what was provided by the company's management, the internal audit department, and the external auditor, it was clear to the committee that there was no fundamental weakness in the internal or financial control systems or risk management in the company, as the results of this examination It provided acceptable guarantees regarding the effectiveness and adequacy of the internal control system applied in the company, the correctness of operations, the preparation and fair presentation of financial reports, as well as compliance with laws and regulations, bearing in mind that any internal control system, regardless of the extent of its sound design and effectiveness of its application, cannot provide absolute assurance of achieving the objectives of the internal control system

Audit Committee Chairman

---

Mr. Muhammad bin Abdulaziz bin Fahd Al-Ghannam