Fourth Milling Company (MC4)
Annual Audit Committee Report
For the year ended 31 December 2025

Shareholders of Fourth Milling Company

Greetings,

During the year 2025, the Committee reviewed effectiveness of both the external audit process and the internal audit function as part of the continuous improvement of financial reporting and controls environment across MC4. The committee also focused particularly on the appropriateness of MC4's financial statements to ensure compliance with applicable International Accounting and Financial Reporting Standards (IFRS) along with relevant local laws and Regulations of kingdom of Saudi Arabia (KSA). The committee has ensured itself, and has advised the Board accordingly, that the 2025 financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess MC4 performance, business model and strategy.

The Committee held 6 meetings in year 2025 that took place with internal audit team, key management personnel and external auditor; to review the internal controls, compliance and risk management system. Chairman of the audit committee also made communications with the Board of Directors to share high risk alerts to ensure timely remediation in line with best practices of risk management and internal controls system.

During the year 2025, the committee worked on activities to fulfil its responsibilities under governance and to strengthen internal controls. Major activities are detailed below:

1. Review of Financial Statements

During the financial year 2025, the Committee considered the accounting policies, estimates and judgments used, considering the impact of such factors on the financial position of MC4 and its suitability to the nature of the company's activity. The Committee reviewed the integrity, fairness and transparency of the financial statements along with basis of provisions and various accounting treatments during the period that were recommended to the Board of Directors for adoption.

2. Review of Internal Audit Work & Reports and Recurring Engagements

The Committee reviewed the progress of recurring audit engagements and other reviews performed by the Internal Audit Function on regular basis. The Committee reviewed the internal audit reports and advised management on audit findings & remediation measures.

The Committee reviewed the Internal Audit work and oversighted timely follow up on the raised observations to ensure timely implementation of corrective action plan.

3. Internal Control and Risk Management Environment

The Committee recognizes that the Company has adopted a system of internal controls designed to monitor the company's activities and provide reasonable assurance about the effectiveness and efficiency of such control (including financial reporting, compliance to applicable rules and regulations and operational efficiency and effectiveness).The Committee also ensured the work of the internal audit is focused on key risks mitigations and observations of internal audit are addressed by the management. During the year, internal controls systems were updated and improved as part of ongoing improvement program. On the recommendation of the Committee key enhancements & improvements were made to internal policies to align them with capital market Authority requirements.

Below steps were taken by the committee to improve the internal controls:

a. Oversight over the updating of company risk register to capture and manage new risks and evaluation of controls effectiveness at process level
b. Review the updated delegation of authority matrix in line with change in organization structure.
c. Providing guidance to Internal Audit Function to add business value by providing consultancy services and awareness sessions to management while monitoring the outcome of such consultancy engagements.

Related to the Risk Management activities, The Committee has performed oversight of the below risk management activities:

a. Implement of Risk management frameworks (including policies and procedures), risk appetite and other relevant risk management practice to cultivate appropriate risk culture across the company.

b. Timely update the risk registers, Top corporate risks and maintain proper records for relevant risk factors which need to be identified, evaluated and reported on periodic basis across the company.
c. Ensure risks report are shared on periodic basis with the Committee, in alignment with CMA regulations.

4. Compliance

The Committee reviewed periodic reports from the Compliance Unit regarding the extent of the company's compliance with regulations, instructions, external standards and requirements or the company's internal policies, procedures and requirements and make sure that action has been taken against noncompliance matters.

5. External Auditor Review

The Committee has responsibility for overseeing MC4 relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from MC4, their appointment and their audit fee proposals. The committee also received communication from KPMG that they are independent and confirmed that they were not aware of any relationships between MC4 and KPMG or between KPMG and any persons in financial reporting oversight roles in MC4 that may affect its independence. The committee reviewed external auditor reports on that were based on unqualified opinions on annual and interim financial statements along with management representation letter.

6. Conclusion

Based on oversight activities in 2025, the Committee considers that the internal and financial control systems and risk management systems in the Company are adequate to a reasonable extent.

The Committee also stresses the need for the Board and management to continuously update the internal and financial control systems and risk management systems to effectively address current and future challenges.

Mr. Abdulaziz Mohammed Abdulaziz AlShaikh
Chairman of the Audit Committee
Fourth Milling Company