Audit Committee Report

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For the Fiscal Year 2025

Introduction:

The Board Audit Committee ("**BAC**") of Saudia Dairy & Foodstuff Co. ("**SADAFCO**" or the "**Company**") is pleased to present its report for the financial year ended 31 December 2025. The report outlines the Committee's opinion on the effectiveness of the Company's internal control, financial control, and risk management systems in accordance with Article (88) of the Corporate Governance Regulations issued by the Capital Market Authority, along with a summary of the activities undertaken by the Committee pursuant to its mandated responsibilities and applicable regulatory requirements.

In 2025, the BAC is continuously overseeing the efficiency and effectiveness of the internal control environment in coordination with Senior Executives, Chief Audit Executive ("**CAE**"), and the External Auditor. The BAC reviews the corrective actions recommended by the Internal Audit Department ("**IAD**") and assesses the effectiveness in implementing these recommended actions by Senior Executives. The BAC has carried out its duties in accordance with its charter, approved by the Company's General Assembly, and which includes the following responsibilities:

First: External Audit and Financial Reports

1. Oversight of external auditors, including:
   - i) recommending the appointment or dismissal of the external auditor and determining their fee after assessing their performance, independence, scope of work and terms of engagement;
   - ii) verifying the independence of the external auditor;
   - iii) answering external auditor's queries and providing requisite support for conducting the external auditing; and
   - iv) reviewing reports prepared by the external auditor.
2. Oversight of financial reporting, including
   - i) reviewing the consolidated financial statements of the Company;
   - ii) providing technical opinions regarding the financial statements to ensure compliance with the International Financial Reporting Standards (IFRS);
   - iii) -if any- examining unusual transactions in the financial statements;
   - iv) verifying accounting estimates; and
   - v) reviewing financial and accounting policies.
3. The completeness of the above-mentioned reports was confirmed by ensuring they contain all significant financial information, including transactions with related parties.

Second: Internal Audit

1. Oversight of Internal Audit, including:
   - i) supervising the IAD and verifying its effectiveness in carrying out its role and responsibilities;
   - ii) reviewing and approving the annual audit risk-based plan and ensuring its implementation according to the timetable specified for it;
   - iii) Review and approve the IAD's budget for the year 2025;
   - iv) Review and approve the recruitment plan and organizational structure of the IAD;
   - v) Review and approve the Internal Audit Manual and the Internal Audit Code of Ethics, both of which collectively define the framework, standards, and ethical principles guiding the IAD in providing independent, objective, and value-adding assurance and advisory services to the Company.

vi) reviewing reports prepared by IAD and following up on the implementation of recommended actions;

vii) ensuring independence of IAD and the adequacy of resources and capabilities necessary for them to carry out their duties fully and in a manner that serves the interests of the Company, including reviewing the Internal Audit Charter to reaffirm the IAD has unrestricted access to all records relevant to its work; and

viii) evaluating performance of IAD and CAE.

2. The IAD, through the performance of its regular duties, reviewed the Company's internal control, compliance and risk management systems to ensure their adequacy, efficiency and effectiveness.

Third: Internal Controls and GRC

1. Oversight of internal control systems, including reviewing internal and financial control and risk management systems and ensuring their effectiveness through regular reports from the IAD and External Auditors.
2. Overseeing the execution of any recommended actions issued by the IAD, ensuring that:
   - The appropriate internal controls are being effectively implemented.
   - The remediation efforts are progressing in a timely and structured manner.
   - Risk mitigation strategies are aligned with industry's best practices and comply with regulatory requirements.
   - Management remains accountable for addressing the identified weaknesses and improving control effectiveness.
3. Reviewing the results of the risk management process to ensure its effectiveness and the achievement of its objectives through the identification of events that may negatively affect the achievement of Company's objectives and thus take the appropriate measures and precautions to manage the effects of such events.
4. Reviewing the reports presented by the Legal and GRC Department on new regulatory requirements, as well as the progress made on compliance projects, to ensure the Company's full adherence to all applicable laws and regulations.
5. Ensuring that there is no financial impact of the legal cases filed against the Company.
6. Establishing appropriate procedures for whistleblowing.
7. Establishing appropriate procedures for following up on any reported violation, providing recommendations to the Board of Directors if required.

BAC Opinion:

Based on the work of the internal and external auditors and the conclusions contained in their audit reports issued during the fiscal year 2025, and Senior Management's representation with respect to the effectiveness of the company's internal and financial control systems, no major control issues that require disclosure have been noted and thus the Board believes that these systems are effective.

On behalf of Audit Committee

Sheikh Sabah Mohammed A. Al-Sabah
Chairman of Audit Committee