



Audit Committee Annual Report
For the Fiscal Year Ended 31 December 2025



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Retal Urban Development Company
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The Audit Committee of Retal Urban Development Company is pleased to present to its valued Shareholders and the Board of Directors its Annual Report for the fiscal year ended 31 December 2025, concerning the assessment of the adequacy and effectiveness of the Company's internal control systems, in line with the duties and responsibilities assigned to the Committee pursuant to its Charter approved by the General Assembly of Shareholders .

The Committee carries out its responsibilities in overseeing the control environment and the financial and accounting systems, including reviewing the periodic financial reports, monitoring internal and external audit activities, and verifying the Company's compliance with relevant policies and regulations. The Committee also regularly submits the necessary recommendations to the Board of Directors in support of enhancing the effectiveness of the internal control systems and developing the related business procedures, in a manner that improve operational efficiency and safeguard Shareholders' interests.

Results of the Annual Review of the Effectiveness of the Company's Internal Control Procedures:

The Audit Committee exercised its authorities and responsibilities in accordance with its Charter approved by the General Assembly, and in compliance with the applicable regulatory requirements and the Corporate Governance Regulations issued by the Capital Market Authority. The Committee undertakes its supervisory role over the Internal Audit Department through discussing its periodic quarterly and annual reports, recommending to the Board of Directors the approval of its work plans, in addition to monitoring their implementation and ensuring the effectiveness and efficiency of the internal control systems implemented within the Company.

The Committee also reviews the interim and annual audited financial statements and examines the financial and accounting policies adopted whenever necessary. In addition, it recommends to the Board of Directors the nomination of the External Auditor, determination of the auditor's fees, and evaluation of the auditor's performance in a manner that ensures the quality of examination and audit activities. The Committee also verifies the Company's compliance with the relevant laws, regulations, policies, and instructions.

During 2025, the Committee held nine (9) periodic meetings attended by all members, during which it discussed various matters falling within its scope of responsibilities. Below is a summary of the key activities undertaken by the Committee within the framework of its supervisory and governance duties during the year ended 31 December 2025:

A- Internal Audit :

- **The Audit Committee oversaw the Internal Audit Department**, which carried out its duties in accordance with an approved annual plan based on a risk-based methodology. The plan included reviewing and assessing the internal control systems related to priority business cycles and documenting the associated risks in a detailed risk register.
- **The Committee discussed the reports issued by the Internal Audit Department** and reviewed the findings and observations contained therein. It also followed up on the implementation of corrective actions to ensure that such observations were addressed to enhance the efficiency of the control framework.



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- **The Committee exercised its oversight role over the performance and activities of the Internal Audit Department** by verifying the adequacy of the required human and technical resources, as well as the effectiveness of the Internal Audit Department in carrying out its assigned responsibilities in accordance with the approved professional standards.
- **The Committee verified that there were no obstacles or restrictions** that could adversely affect the regular conduct of internal audit activities during the year or limit its ability to perform its responsibilities efficiently and objectively.

B- Financial Reports:

- **The Audit Committee reviewed and discussed the interim quarterly financial statements and the annual audited financial statements** prior to submitting them to the Board of Directors and provided its views and recommendations thereon to verify their integrity, fairness, and transparency.
- **The Committee expressed its professional opinion regarding the fairness, balance, and clarity of the Board of Directors' report and the financial statements** and verified that they included the material information necessary to enable Shareholders and investors to assess the Company's financial position, current performance, business model, and future strategy.
- **The Committee reviewed any material or unusual matters** that may have been included in the financial statements.
- **The Committee carefully considered any matters raised by the CFO or the person performing such duties, the Compliance Officer, and the External Auditor**, and ensured that such matters were addressed in accordance with best professional practices and the financial reporting standards applicable in the Kingdom of Saudi Arabia.
- **The Committee verified the appropriateness of the accounting estimates adopted by the Company** and the extent of their consistency with the approved standards.
- **The Committee reviewed the accounting policies implemented by the Company** whenever necessary and provided its recommendations to the Board of Directors regarding their appropriateness and compliance with the approved financial reporting standards.

C- External Auditor :

- **Reviewing the Company's External Auditor's audit plan and activities**, verifying that no technical or administrative services outside the scope of the audit engagement were provided by the auditor, and expressing its views in this regard.
- **Responding to the inquiries of the Company's external auditor**, reviewing the auditor's reports and observations on the quarterly and annual financial statements, and following up on the actions taken in respect thereof.
- **The Audit Committee submitted its recommendations to the Board of Directors regarding the nomination of the external auditor, determination of the auditor's fees, and evaluation of the auditor's performance**, after verifying the auditor's independence, reviewing the scope of work and terms of engagement, and ensuring the effectiveness of the audit services provided, while taking into consideration the relevant professional rules and standards.



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- **The Committee reviewed the External Auditor's work plan and ensured that the auditor did not undertake any technical or administrative work** outside the scope of duties as an independent auditor and provided his professional views in this regard.
- **The Committee responded to the External Auditor's inquiries**, reviewed the auditor's reports and observations regarding the quarterly and annual financial statements, and followed up on the actions taken to address the observations contained therein to ensure a higher level of compliance and quality of financial reporting.

D- Compliance Assurance:

- **The Audit Committee monitored and reviewed the results of reports issued by the relevant regulatory authorities** and verified that the Company had taken the necessary corrective and compliance actions to address the observations raised therein, in a manner that ensures full compliance with regulatory requirements.
- **The Committee verified the Company's compliance with the approved laws**, regulations, policies, and instructions through continuous follow-up of compliance and internal audit reports, and by ensuring the effectiveness of the implementation of the related internal controls and procedures.
- **The Committee oversaw the review of contracts and proposed transactions with related parties** and provided its views to the Board of Directors in accordance with the Corporate Governance Regulations and the approved policies.
- **The Committee escalated to the Board of Directors any matters it deemed to require specific actions** and provided its recommendations regarding the measures to be followed, while ensuring that the Company maintains an integrated governance framework and appropriate policies for risk management and strengthening the internal control environment, in a manner that achieves the highest standards of compliance and wise governance.

Opinion:

Based on the duties and responsibilities undertaken by the Audit Committee during 2025, and its review of the reports issued by the Internal Audit Department in accordance with a methodology based on the assessment of strategic, financial, operational, and regulatory risks, in addition to the reports of Executive Management and the periodic quarterly and annual discussions held with the External Auditor, **the Committee did not identify any deficiencies or material weaknesses in the Company's internal control environment.** The Committee also confirms that it **did not observe any findings for which appropriate corrective actions were not taken in a timely manner.**

Accordingly, the Audit Committee believes that there is **reasonable assurance regarding the soundness, adequacy, and effectiveness of the Company's internal control systems, financial controls, and risk management** for the fiscal year ended 31 December 2025.

The Committee further emphasizes the importance of the **Executive Management's continued review and update of business cycle policies and procedures** in line with developments in the Company's strategy, operational plans, and business activities, as well as with emerging and changing risks resulting from internal and external factors related to the Company's activities.

Abdulrahman Abdullah Alwabel
Audit Committee Chairman