

Asharqiyah Development Co.

Public Joint Stock Company

Authorized & Paid-Up Capital SR. 300,000,000



الشركة الشرقية للتنمية

شركة مساهمة عامة

رأس المال المصرح به والمدفوع 300,000,000 ريال سعودي

Eastern Development Company

Audit Committee Report

For 2024



Date: May 1, 2025

Audit Committee Annual Report for 2024

Preamble:

The Chairman and members of the Audit Committee of the Eastern Development Company are pleased to submit their annual report for the year ended December 31, 2024. This Report includes its formation, performance details, and the duties stipulated in the Companies Law, its Implementing Regulations, and the Governance Regulations. This Report will enable the Committee to express an opinion on the adequacy and efficiency of the Internal Control Systems and make the necessary recommendations to enhance them, in addition to other duties that fall within the Committee's duties.

First: Committee Formation:

The Audit Committee was formed pursuant to Board of Directors Resolution No. 270, held on 02/01/1445 AH, corresponding to 07/20/2023, for a period of four years following that date. The committee members are:

Name of Committee Member	Capacity	Position	Remarks
Ali bin Yahya Al-Jaafari	Independent	Chairman of the Committee	
Bassam bin Mohammed Al-Baqawi	From outside the Board	Member	
Abdullah bin Saleh Al-Harbi	From outside the Board	Member	Resigned on 02/10/2025
Saad bin Mohammed Al-Huwaimel	From outside the Board	Member	

**Second: Committee Meetings**

Session Number	Date	Ali Al-Jaafari	Abdullah Al-Harbi	Bassam Al-Baqawi	Saad Al-Huwaimel
1 - 2024	20/03/2024	Attended	Attended	Attended	Attended
2 - 2024	05/05/2024	Attended	Not Attended	Attended	Attended
3 - 2024	22/05/2024	Attended	Attended	Attended	Attended
4 - 2024	05/08/2024	Attended	Attended	Attended	Attended
5 - 2024	11/11/2024	Attended	Attended	Attended	Attended
6 - 2024	26/11/2024	Attended	Not Attended	Attended	Attended

Third: The Committee's Duties and Achievements:

- Study and evaluate Internal Control Systems, make appropriate recommendations to ensure the System's efficiency, and follow up on the implementation of recommendations.
- Nominate a specialized internal audit firm to conduct audits of the Company's transactions.
- Review internal audit reports, discuss their contents, and follow up on the implementation of their recommendations.
- Review the Company's consolidated quarterly and annual financial statements before presenting them to the Board of Directors, providing its opinion and recommendations to ensure their integrity, fairness, and transparency, and presenting them in accordance with international accounting standards and providing complete and binding information to shareholders.
- Review the content of the Annual Report of the Board of Directors to ensure it effectively reflects the Company's Activities, with the aim of assessing the Company's performance, business model, and strategy.
- Review the approved audit methodology with the external auditors and management, as included in the independent auditor's year-end report.
- Review the audit reports and findings of the Internal Audit Department and management's response to recommendations.
- Oversee risk management procedures and evaluate the effectiveness of systems and mechanisms for identifying and controlling risks, including monitoring the implementation of risk policies and procedures.
- Review the independence of external auditors.



- Nominate and follow up on the appointment of chartered accountants and their engagement letters for the audit process.
- Review the accounting principles, standards, and practices proposed by Management.
- Follow up on the updates of the Company's Internal Regulations (Executive Committee Bylaws, Audit Committee Bylaws, Nomination and Remuneration Committee Bylaws, Disclosure Policy Bylaws, Board of Directors Bylaws, Board of Directors Nomination Policies, Procedures, and Standards for Board Membership Nominations, Corporate Governance Bylaws, Conflict of Interest Policy Bylaws, and Remuneration Policies for Board Members, Subcommittees, the Secretariat, and Senior Executives), which were approved by the General Assembly on 30/06/2024.

Chairman of the Audit Committee

Ali Yahya AlJaafri