

Riyadh Development Company
Audit Committee Report to The General Assembly
For the fiscal year ending December 31, 2024

Dear Shareholders of Riyadh Development Company,

The Audit Committee (“Committee”) of Riyadh Development Company (“Company”) is pleased to submit its annual report for the year ending December 31, 2024. The Audit Committee is one of the committees established by the Company Board of Directors and formed pursuant to a resolution of the General Assembly in accordance with the Company's bylaws. The committee consists of four members, as endorsed by the General Assembly:

1. Mr. Sulaiman bin Nasser Alhatlan, Chairman of the Committee
2. Mr. Nayef bin Ibrahim Al-Hadithi, Member
3. Mr. Saleh bin Muqbil Al-Khalaf, Member
4. Mr. Ahmed bin Abdullah Al-Kanhal, Member

During 2024, the committee held six meetings. In accordance with the terms of reference approved by the General Assembly, it continuously supervised internal and external audits. In coordination with the Internal Audit Department and the company's executive management, it ensures the adequacy and effectiveness of the company's internal control system. The committee also reviews the results of the internal audits and agreed-upon corrective actions, and the extent to which management implemented these corrective actions within the agreed timeframes. The committee also prepares reports to the Board of Directors on the results of its activities during the year. As part of its regular operations, the Company's Internal Audit Department reviews the efficiency and effectiveness of the internal control system and ensures its implementation by various departments. This is accomplished through the implementation of an annual risk-based audit plan, which the committee reviews and approves. The Ordinary General Assembly, held on June 29, 2022, approved the formation of the Audit Committee, its duties, operational controls, and member remuneration for the current term, which will end on June 24, 2025. The following is a summary of the committee's activities during the year ending December 31, 2024.

First: External Audit and Financial Reports:

1. Through its direct meetings with the external auditors, the committee verified auditors' independence and their adherence to relevant professional standards during the performance of their audit and review work, in accordance with the agreed upon professional fees and agreements. During these meetings, the committee raised questions to the auditors and the company's executive management to ensure the completion of the review and audit work and the existence of the basis to support the auditors' opinion. The committee also discussed the points provided in the management letter and followed up on their closure. The committee also met separately with the auditors and requested any comments regarding the cooperation and performance of the company's financial department, any restrictions on auditors work, the adequacy of the various provisions and estimates, the existence of the necessary basis upon which the external auditor's opinion is based, and that the financial statements and reports are substantially complete and contain all important financial information. The committee submitted its recommendations regarding the financial reports and the external auditor's reports to the Board of Directors for discussion and approval. The committee also supervised the request for, and evaluation of, bids to review the quarterly financial statements for the second and third quarters of 2025 and the first quarter of 2026, and to audit the annual financial statements for 2025. This resulted in the General Assembly selecting auditors from among Ernst & Young Professional Services and KPMG Al Fozan & Partners, with a recommendation to appoint Ernst & Young Professional Services based on the results of the technical and financial evaluation.
2. The committee discussed with the executive management company operating results and financial position as reflected in the financial statements and audit reports, in the presence of the external auditors. The committee raised questions related to financial policies, provisions, and estimates to ensure that the financial reports fairly represent the company's results of activities and financial position for the relevant periods.

Second: Internal Audit:

1. During its meetings, the committee ensured the independence of the company's internal audit department and the availability and adequacy of the resources and capabilities necessary for department personnel to fully perform their duties in a manner that serves the interests of the company and its shareholders.
2. The committee reviewed and approved document updates related to basic internal audit infrastructure, including the internal audit charter, manual, and procedures.
3. The committee reviewed and approved the three-year risk-based internal audit plan as prepared by the Internal Audit Department.
4. The committee oversaw the work of the Internal Audit Department related to reviewing the company's internal control system to ensure its adequacy and effectiveness through the implementation of the approved annual audit plan.
5. The committee reviewed completed internal audit reports and monitored the management's implementation of agreed-upon corrective actions and any outstanding high-risk issues, discussing these with executive management when necessary.

Third: The Committee's Opinion on the Company's Internal Control System:

Based on the results of internal audits and management's efforts to implement corrective measures, and based on the work of the external auditors, the results of their work, and discussions with auditors and management, as well as the reports submitted to the Committee during the fiscal year 2024, and the investigation and discussion conducted by the Committee, the Committee found no material deficiencies in the Company's internal control system that require disclosure. Nevertheless, it should be noted that no audit or inspection process can provide absolute assurance about the effectiveness of any internal control system.

On behalf of the Audit Committee of Riyadh Development Company

Sulaiman bin Nasser Al-Hital

