

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
with **INDEPENDENT AUDITOR'S REPORT**
For the year ended 31 December 2025

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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KPMG Professional Services Company

Zahrán Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company

Opinion

We have audited the consolidated financial statements of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

Impairment of property, plant and equipment and investment properties	
See note 2.4.2(b), 4.5, 5 and 6 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>As detailed in note 5 and note 6 of the consolidated financial statements, the Group's property, plant and equipment and investment properties (the "Properties") in aggregate amounted to SR 24.9 billion as at 31 December 2025 (31 December 2024: SR 24.5 billion). The Group reviews its investments in Properties for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If such events or changes in circumstances are identified, management performs an analysis to compare the carrying value of the Properties (at the level of each cash generating unit) with the corresponding recoverable amount (being the higher of fair value less cost of disposal and value in use).</p> <p>The determination of the recoverable amount is inherently a complex process that involves use of various assumptions and the exercise of considerable judgment. Such assumptions and judgments are set out in note 5 to the consolidated financial statements. Accordingly, the determined recoverable amount is often highly sensitive to such assumptions and judgments, and variations therein may have a material impact on the consolidated financial statements. Additionally, the associated audit efforts requires specialized skills and knowledge.</p> <p>Accordingly, we have identified the impairment assessment of Properties to be a key audit matter.</p>	<p>We obtained management's valuation study underlying the impairment assessment carried out by management and performed the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated management's assessment of the existence of impairment indicators. • Assessed the appropriateness of the process of identification of CGUs, and the identified CGUs, for which the valuation was performed. • Assessed the competence, capabilities and objectivity of the valuer engaged by management. • Tested the mathematical accuracy of the calculations included within management's impairment assessment. • Involved our internal valuation specialist who performed the following procedures: <ul style="list-style-type: none"> - Reviewed the methodology applied by the valuer and management, to assess whether valuation approach used and methodology adopted by the valuer is appropriate; and - Assessed the reasonableness and appropriateness of certain significant assumptions and judgments used by the valuer and management. • Checked the accuracy of the input data used by management to estimate the value-in-use based on discounted cash flow models. • Assessed management's sensitivity analysis around the impact of any change in key assumptions used on the recoverable amount of the CGUs. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.



Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Jabal Omar Development Company** ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company

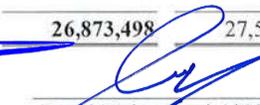

Ebrahim Oboud Baeshen
License No: 382



Jeddah, 12 March 2026
Corresponding to: 23 Ramadan 1447h

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Note	2025 SR'000	2024 SR'000
ASSETS			
Property, plant and equipment	5	19,920,700	20,994,097
Intangible assets		1,478	1,016
Investment properties	6	4,962,650	3,527,274
Equity-accounted investee	7	146,598	140,894
Other assets	10	20,623	10,566
Restricted cash	9	30,092	69,435
Non-current assets		25,082,141	24,743,282
Financial investments	8	274,593	268,816
Trade and other receivables	11	182,129	840,096
Other assets	10	26,149	30,828
Restricted cash	9	124,048	222,007
Cash and cash equivalents	9	1,184,438	595,655
Assets held for sale	5(b)	--	853,803
Current assets		1,791,357	2,811,205
Total assets		26,873,498	27,554,487
EQUITY			
Share capital	12.1	11,800,229	11,800,229
Share premium	12.2	920,207	920,207
Statutory reserve	12.3	--	108,506
Retained earnings		2,737,806	236,701
Reserve for advances to certain founding shareholders	12.4	(285,514)	(285,514)
Equity attributable to shareholders of the Company		15,172,728	12,780,129
Subordinated perpetual instrument	13(a)	689,668	689,668
Equity attributable to equity holders of the Company		15,862,396	13,469,797
Non-controlling interest		1,232	1,544
Total equity		15,863,628	13,471,341
LIABILITIES			
Loans and borrowings	13	8,764,361	10,952,910
Employee benefits	14	54,763	48,380
Other non-current liabilities	15	722,053	787,568
Zakat payable	17	157,687	173,592
Non-current liabilities		9,698,864	11,962,450
Loans and borrowings	13	551,543	1,156,582
Trade payable and other current liabilities	16	675,637	795,735
Zakat payable	17	83,826	168,379
Current liabilities		1,311,006	2,120,696
Total liabilities		11,009,870	14,083,146
Total equity and liabilities		26,873,498	27,554,487
Muhammad Jawad Chief Financial Officer	Signed by:  37593C67FA93418... Saleh Habdan Alhabdan Chief Executive Officer	 Saeed Mohammed AlGhamdi Chairman of the Board of Directors	

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 SR'000	2024 SR'000
Revenue	19	2,113,857	1,901,395
Costs of revenue	20	(1,469,304)	(1,293,616)
Gross profit		644,553	607,779
Other operating income, net	22	2,294,200	756,231
Selling and marketing expenses		(7,068)	(11,752)
General and administration expenses	21	(113,364)	(163,901)
Impairment reversal / (charge) on non-financial assets	5(h)	52,093	(302,258)
Charge for allowance for expected credit losses	11.3	(12,243)	(49,284)
Operating profit		2,858,171	836,815
Finance costs	23	(563,886)	(711,852)
Finance income	23	48,517	109,004
Change in fair value of financial instruments carried at fair value through profit or loss		8,366	(23,094)
Share of results from equity-accounted investee	7	5,703	12,913
Profit for the year before Zakat		2,356,871	223,786
Zakat	17	35,645	(23,712)
Profit for the year		2,392,516	200,074
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement of employee benefits	14	(229)	789
Total comprehensive income for the year		2,392,287	200,863
Profit for the year attributable to:			
Owners of the Company		2,392,828	200,090
Non-controlling interest		(312)	(16)
		2,392,516	200,074
Total comprehensive income for the year attributable to:			
Owners of the Company		2,392,599	200,879
Non-controlling interest		(312)	(16)
		2,392,287	200,863
Earnings per share (Saudi Riyals):			
Basic and diluted earnings per share	24	2.03	0.17


Muhammad Jawad
Chief Financial Officer

Signed by:

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Saleh Habdan Alhabdan
Chief Executive Officer

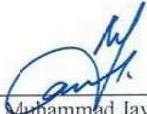

Saeed Mohammed AlGhamdi
Chairman of the Board of Directors

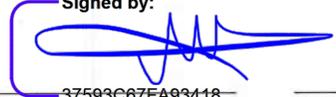
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JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	Attributable to Owners of the Company									
	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	Retained earnings SR'000	Reserve for advances to certain founding shareholders SR'000	Equity attributable to shareholders of the Company SR'000	Subordinated perpetual instrument SR'000	Equity attributable to equity holders of the Company SR'000	Non-controlling interests SR'000	Total equity SR'000
Balance at 1 January 2024	11,545,342	627,596	108,506	35,822	(285,674)	12,031,592	689,668	12,721,260	1,560	12,722,820
Profit for the year	--	--	--	200,090	--	200,090	--	200,090	(16)	200,074
Other comprehensive income	--	--	--	789	--	789	--	789	--	789
<i>Total comprehensive income for the year</i>	--	--	--	200,879	--	200,879	--	200,879	(16)	200,863
Issue of share capital under debt to equity swap (note 12.1)	254,887	292,611	--	--	--	547,498	--	547,498	--	547,498
Payments received against advances to certain founding shareholders (note 12.4)	--	--	--	--	160	160	--	160	--	160
Balance at 31 December 2024	11,800,229	920,207	108,506	236,701	(285,514)	12,780,129	689,668	13,469,797	1,544	13,471,341
Profit for the year	--	--	--	2,392,828	--	2,392,828	--	2,392,828	(312)	2,392,516
Other comprehensive loss	--	--	--	(229)	--	(229)	--	(229)	--	(229)
<i>Total comprehensive income for the year</i>	--	--	--	2,392,599	--	2,392,599	--	2,392,599	(312)	2,392,287
Transfer to retained earnings (note 12.3)	--	--	(108,506)	108,506	--	--	--	--	--	--
Balance at 31 December 2025	11,800,229	920,207	--	2,737,806	(285,514)	15,172,728	689,668	15,862,396	1,232	15,863,628


Muhammad Jawad
Chief Financial Officer

Signed by:

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Saleh Habban Alhabdan
Chief Executive Officer


Saeed Mohammed AlGhamdi
Chairman of the Board of Directors

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Note	2025 SR'000	2024 SR'000
Cash flows from operating activities			
Profit for the year before Zakat		2,356,871	223,786
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	5	410,090	355,462
Depreciation on investment properties	6	49,001	33,798
Amortization of intangible assets		475	333
Impairment (reversal) / charge on non-financial assets	5(h)	(52,093)	302,258
Provision for employee benefits	14	10,555	12,841
Charge for expected credit losses	11.3	12,243	49,284
Share of results from equity-accounted investee	7	(5,703)	(12,913)
Finance costs on loan and borrowings	23	563,886	711,852
Finance income	23	(48,517)	(24,385)
Impact of Zakat liability deferral	17(c)	--	(84,619)
Net gain on disposal of assets held for sale	5(b)	(2,319,738)	(747,843)
Change in fair value of financial instruments carried at fair value through profit or loss		(8,366)	23,094
Loss on disposal of property, plant and equipment		--	357
		<u>968,704</u>	<u>843,305</u>
<i>Changes in:</i>			
Other assets		(3,686)	(15,121)
Properties for development and sale		--	21,069
Trade and other receivables		43,699	44,536
Other non-current liabilities		(113,643)	(47,214)
Trade payable and other current liabilities		<u>(177,831)</u>	<u>(221,226)</u>
Cash from operating activities		<u>717,243</u>	<u>625,349</u>
Interest paid		(636,386)	(974,473)
Employee benefits paid	14	(4,401)	(4,631)
Zakat paid	17	<u>(81,631)</u>	<u>(38,626)</u>
Net cash used in operating activities		<u>(5,175)</u>	<u>(392,381)</u>
Cash flows from investing activities			
Finance income received		47,132	23,298
Additions to property, plant and equipment	5	(525,964)	(286,217)
Additions to investment properties	6	(627)	--
Additions to intangible assets		(937)	(990)
Proceeds from disposal of asset held for sale		3,856,086	452,994
Proceeds from disposal of property, plant and equipment		--	49
Investment in term deposits	8	<u>(20,379)</u>	<u>--</u>
Net cash from investing activities		<u>3,355,311</u>	<u>189,134</u>


Muhammad Jawad
Chief Financial Officer

Signed by:

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Saleh Habdan Alhabdan
Chief Executive Officer


Saeed Mohammed AlGhamdi
Chairman of the Board of Directors

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2025

	Note	<u>2025</u> SR'000	<u>2024</u> SR'000
Cash flows from financing activities			
Payments received against advances to certain founding shareholders	12.4	--	160
Proceeds from loans and borrowings	13(h)	1,440,768	1,217,944
Repayment of loans and borrowings	13(h)	(4,339,423)	(833,154)
Net cash (used in) / from financing activities		(2,898,655)	384,950
Net change in cash and cash equivalents			
Cash and cash equivalents at 1 January	9	887,097	705,394
Cash and cash equivalents at 31 December	9	1,338,578	887,097
Major non-cash supplemental information:			
Borrowing cost capitalized on property, plant and equipment	5(e)	204,706	265,307
Borrowing cost capitalized on investment properties	6(a)	37,680	53,285
Transfer from property, plant and equipment to investment properties, net	6	1,446,070	--
Transfer to assets held for sale from property, plant and equipment	5(b)	--	255,934
Issue of share capital under debt to equity swap	12.1	--	547,498


Muhammad Jawad
Chief Financial Officer

Signed by:

37593C67FA93418...
Saleh Habbani Alhabdan
Chief Executive Officer


Saeed Mohammed AlGhamdi
Chairman of the Board of Director

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. REPORTING ENTITY

Jabal Omar Development Company ("the Company" or "the Parent Company"), a Saudi Joint Stock Company, was established under the Regulations for Companies in the Kingdom of Saudi Arabia ("KSA") as per Royal Decree No. M/63, dated 18 October 2006 (corresponding to 25 Ramadan 1427H). The Ministerial Resolution No. 253/S dated 28 October 2007 (corresponding to 16 Shawal 1428H) declared the incorporation of the Company. The Company is registered in Makkah Al Mukkaramah City under Commercial Registration number 4031051838 dated 25 November 2007 (corresponding to 15 Dhul Qida 1428H). The Company's registered office is 6978 Ibrahim Al-Khalil Road Alshubaikah District 3655, Makkah 24231. The unified number of the Company is 7018066436.

The Company's and its subsidiaries' (collectively referred to as the "Group") main activity is to own Jabal Omar area adjacent to the western side of the Holy Mosque in Makkah and develop it into plots of land to manage, invest, sell and lease them for the Group's interest ("Project") along with carrying out operations necessary for construction, maintenance, management, demolishing, surveying, and furnishing hotels, commercial facilities and staff residences, as well as importing and exporting hotels' equipment and furniture, and operating the hotels. For administrative purposes the Project has been disaggregated into different phases and zones with the latter being consistent with the master title deed approved by the Makkah Development Authority.

The Group's envisioned Project comprises of seven phases, where each phase has multiple zones. The Group has completed development work and commenced operations for three phases while the Group has substantially developed the fourth phase, with operations commenced for two of the seven towers. The remaining phases comprise of undeveloped land parcels. As at the reporting date, all undeveloped land parcels in the fifth and sixth phases have been sold, except for one parcel in the fifth phase.

Subsidiaries are entities controlled by the Group. The Group is incorporated in the Kingdom of Saudi Arabia. The Company has the following dormant subsidiaries as of the reporting date:

<i>Name of the Subsidiary</i>	<i>Registration Number</i>	<i>Registration date</i>	<i>Ownership interest</i>	<i>Financial year end</i>	<i>Principal activities</i>
Sahat For Facility Management Company	7010837883	22 October 2017 corresponding to 02 Safar 1439H	100%	31 December	Real estate services
Warifat Hospitality Company	4030298569	1 January 2018 corresponding to 14 Rabi II 1439H	90%	31 December	Hospitality services

The Company has branch commercial registrations to engage in hospitality activities as per the Saudi Commission for Tourism and National Heritage's ("SCTA") letters. These consolidated financial statements include results of operating activities from the active towers of the following hotels in addition to three non-operational branches of the Company, bearing commercial registration numbers 4030291056, 40301097883 and 40301098207.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. REPORTING ENTITY (continued)

<i>Name</i>	<i>Commencement of operation</i>	<i>Registration number</i>	<i>Registration date</i>	<i>SCTA's-letter No.</i>	<i>SCTA's-letter date</i>
Jabal Omar Hilton Suites Hotel (Hilton Suites Makkah)	01 July 2014 (corresponding to 4 Ramadan 1435H)	7018066436	25 May 2013 (corresponding to 15 Rajab 1434H)	AVM/5887/34	04 March 2013 (corresponding to 22 Rabi II 1434H)
Jabal Omar Hyatt Regency Hotel (Hyatt Regency)	22 June 2015 (corresponding to 5 Ramadan 1436H)	7015020329	09 September 2014 (corresponding to 14 Dhul Qida 1435H)	8957	25 May 2014 (corresponding to 26 Rajab 1435H)
Jabal Omar Conrad Hotel (Conrad)	30 July 2016 (corresponding to 25 Shaban 1437H)	7012694977	29 April 2015 (corresponding to 10 Rajab 1436H)	9347	16 March 2015 (corresponding to 25 Jumada I 1436H)
Jabal Omar Hilton Hotel (Hilton Convention)	31 March 2017 (corresponding to 3 Rajab 1438H)	7003621245	10 August 2016 (corresponding to 07 Dhul Qida 1437H)	16474	19 July 2016 (corresponding to 14 Shawwal 1437H)
Jabal Omar Doubletree by Hilton Hotel (Double Tree by Hilton)	01 August 2019 (corresponding to 29 Dhul Qida 1440H)	7004134917	15 May 2018 (corresponding to 29 Shaban 1439H)	1651	14 May 2018 (corresponding to 28 Shaban 1439H)
Jabal Omar Marriott Hotel	22 June 2015 (corresponding to 5 Ramadan 1436H)	7011769739	07 May 2014 (corresponding to 8 Rajab 1435H)	AVM/8332/35	17 March 2014 (corresponding to 16 Jumada I 1435H)
Jabal Omar Address Al Bawaba Makkah (Address)	06 June 2023 (corresponding to 17 Dhul Qida 1444H)	7004207119	28 May 2018 (corresponding to 9 Ramadan 1439H)	10006429	16 May 2023 (corresponding to 26 Shawwal 1444H)
Jabal Omar Jumeirah Hotel	03 September 2023 (corresponding to 18 Safar 1445H)	7021678508	28 February 2021 (corresponding to 16 Rajab 1442H)	10002521	28 August 2023 (corresponding to 12 Safar 1445H)
Jabal Omar Rotana Hotel*	25 December 2025 (corresponding to 5 Rajab 1447H)	7051133945	11 August 2025 (corresponding to 17 Safar 1447H)	10011279	1 December 2025 (corresponding to 10 Jumada II 1447H)

*Started partial operations during the year ended 31 December 2025.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to “IFRS as endorsed in KSA”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF ACCOUNTING (continued)

2.1 Statement of compliance (continued)

The Group has elected to present a single statement of profit or loss and other comprehensive income (herein after also referred to as “Statement of profit or loss”) and presents its expenses by function.

During the year ended 31 December 2025, the Group has disaggregated ‘general and administration expenses’ to separately present ‘impairment reversal / (charge) on non-financial assets’ in the consolidated statement of profit or loss and accordingly, prior year figures have been reclassified to conform to current year presentation.

2.2 Basis of preparation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention using the accrual basis of accounting except for the following items which are measured as follows on each reporting date:

<u>Items</u>	<u>Measurement basis</u>
Employee benefits	Present value of the defined benefit obligation using projected credit unit method
Financial investment at fair value through profit or loss	Fair value

The consolidated financial statements of the Group are presented in Saudi Riyals (SR), which is also the functional currency of the Company. All amounts have been rounded off to the nearest thousands (SR ‘000), unless when otherwise stated.

2.3 Going concern basis of accounting

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities in the normal course of business including the mandatory repayment terms of the banking facilities disclosed in note 13. Based on the Group’s financial performance for the year ended 31 December 2025 which includes sale proceeds generated from the land parcels sold and significant borrowings settled therefrom, together with the operating budget for the forthcoming financial year, the cash flow forecast for the 12-month period after the statement of financial position date depicts a net positive cashflow position without presence of any material uncertainties.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF ACCOUNTING (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

2.4.1 Judgements and estimates

a) *Going concern*

The Group exercises judgement in assessing the Group's ability to continue as a going concern. The foregoing assessment includes preparation of a cashflow forecast for the 12-month period from the reporting date.

b) *Allocation of cost of land, construction and infrastructure assets to Properties*

The Group exercises judgment in determining 'a reasonable basis' for allocating cost of land, construction and infrastructure assets to its owner-occupied properties, investment properties and properties under development for the purpose of determining respective carrying values. For this purpose, management identifies built-up area as a reasonable basis that consistently depicts the benefit attributable to respective class of asset. Moreover, management has identified certain infrastructure assets constructed and located across all phases/zones which are not reasonably allocable to any specific Properties since these provide benefits pervasively to all the Properties of the Company. As such, for impairment testing purposes such infrastructure are assessed on an aggregate basis.

c) *Useful lives and residual value of property, plant and equipment, intangible assets and investment properties*

The Group's management estimates useful lives and residual value of its property, plant and equipment, intangible assets and investment properties for calculating depreciation and amortisation after considering the expected usage of the assets, their physical wear and tear, and technical obsolescence. Management periodically reviews the estimated useful lives and residual value to ensure that they both are consistent with the expected pattern of economic benefits received from these assets.

d) *Determining the timing of recognition of gain or loss on the sale of non-current assets*

The Group evaluates the timing of recognition of gain or loss on the sale of non-current assets based on a careful analysis of the rights and obligations, as well as the timing of the transfer of 'control' under the terms of the contract. For the purpose, management determines 'control' of an asset as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset including the ability to prevent others from directing the use of and obtaining the benefits from such asset and probability of collecting the consideration under the contract. Benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly by the customer in many ways, such as by:

- (a) using the asset to produce goods or provide services (including public services);
- (b) using the asset to enhance the value of other assets;
- (c) using the asset to settle liabilities or reduce expenses;
- (d) selling or leasing the asset; or
- (e) pledging or mortgaging the asset to secure a loan.

The Group has generally concluded that contracts relating to the sale of non-current assets are recognized at a point in time when control of the asset transfers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF ACCOUNTING (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

2.4.1 Judgements and estimates (continued)

e) Zakat

The determination for Zakat provision involves calculation of the Zakat base and Zakat-able profits in accordance with the Zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals, if any, filed by the Group. In determining the best estimate of the amount payable to Zakat, Tax and Customs Authority (“ZATCA”), the Group has applied judgement and interpretation of the ZATCA requirements for calculating Zakat.

f) *Assessment of the impact of restrictions on bank account*

The Group exercises judgement in its assessment of the impact of restrictions placed on the access and/or use of funds placed in bank accounts due to contractual arrangements.

Bank accounts with restrictions on use that are procedural in nature and expected to be removed by the counter party upon Group’s request on perfunctory basis and that meet the definition of cash and cash equivalents, are included in the cash and cash equivalents in the statement of cash flows. However, for the purposes of statement of financial position such bank accounts are presented under ‘Restricted cash’.

2.4.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) *Allocation of transaction price for revenue from hotel operations*

The Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. For bundled services/products from Group’s hotel operations, the Group sells the services/products (i.e. room rent, food and beverages and other associated services) at a discount to the aggregate stand-alone selling prices of the services/products in the bundle, for the purpose of which the Group estimates the standalone selling prices based on the estimate of the price that the customer would be willing to pay in the market for the service/product. Considering that the standalone selling prices from room rent are highly variable the Group uses residual approach for allocation of transaction price to food and beverages and other associated services in the bundled sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF ACCOUNTING (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

2.4.2 Assumptions and estimation uncertainties (continued)

b) Valuation of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal (cost of disposal is an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located (herein after referred to as “Demolition Cost”)), and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing off the asset. The value in use calculation is based on a Discounted Cash Flow (“DCF”) model. The cash flows for operating and underdeveloped non-financial assets are derived from the approved budgets and / or expert third party independent forecasts and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 5(h)(ii).

c) Employees’ terminal benefits plan

The cost of the employees’ terminal benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary growth, withdrawal rate, mortality rates, normal retirement age and employees’ turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end. The most sensitive parameters are discount rate and future salary growth. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary growth is based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the country. Refer note 14 for key actuarial assumptions used and sensitivities related to measurement of employee benefits.

d) Expected credit losses (ECL) on financial assets measured at amortized cost

The Group uses appropriate methods to calculate ECL for financial assets measured at amortized cost. The impairment of financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking macro-economic factors at the end of each reporting period. The Group has identified GDP growth rate to be the most relevant macro-economic factor of forward-looking information that would impact the credit risk of its customers, and accordingly adjusted the historical loss rates based on expected changes in this factor using different scenarios. The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECL is a significant estimate. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of respective counter party’s actual default in the future. The information about the ECL on the Group’s trade and other receivables is disclosed in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Forthcoming requirements:

The following table lists the recent changes to the Accounting Standards that are required to be applied for annual reporting period beginning after 1 January 2026. The Group intends to adopt these standards, where applicable, when they become effective, and the Group is currently analyzing the impacts of these forthcoming pronouncements.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 & IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
IAS 21	Hyperinflationary presentation currency – Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

New currently effective requirements:

The following table lists the recent changes to the Accounting Standards that are required to be applied for the annual period beginning on 1 January 2025. The adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IAS 21	Lack of Exchangeability – Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. Certain comparative amounts have been reclassified or re-presented during the current year for better presentation.

4.1 Interest in equity-accounted investees

The Group's equity investment is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees.

4.2 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the fair value of the consideration given to acquire the asset (net of discounts) and any directly attributable cost, such as site preparation cost, delivery, installation costs and relevant professional fees. Land and capital work in progress are measured at cost less any accumulated impairment losses.

Property, plant and equipment includes infrastructure assets that do not ordinarily generate cash flows independent of the operating properties of the Group but are owned by the Group.

When parts of property, plant and equipment are significant in comparison to the total cost of the item and such parts have a useful life different from other parts, the Group recognizes such parts as individual assets and depreciates them accordingly.

Subsequent costs

Subsequent expenditure, including borrowing costs, is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land and capital work in progress are not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

4.2 Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

	<u>2025</u>	<u>2024</u>
Building	85	85
Central district cooling system	30	30
Equipment	10 – 85	10 – 85
Infrastructure assets	20 – 85	20 – 85
Furniture and fixtures	10 - 12	10 - 12
Other assets	4 - 8	4 - 8

Derecognition

An item of property, plant and equipment is derecognized when disposed or where no future economic benefits are expected to arise from its use or disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Capital work-in-progress

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item including consultancy, demolition, levelling of site, cutting rocks, supervision, construction work and other costs attributable to assets transportability to the site and readiness to operate for the intended purpose. Depreciation generally commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

4.3 Investment properties

Properties held for long-term rental yields or for capital appreciation or both as well as those held for undetermined future use but not for sale in the ordinary course of business, and not occupied by the Group is classified as investment properties. Investment properties include equipment, fixtures and fittings, office equipment and furniture which are an integral part of property classified as such. Investment properties also include property that is being constructed or developed for future use as investment properties.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and capital work-in-progress which is stated at cost less accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs, including borrowing cost, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

4.3 Investment properties (continued)

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use.

Depreciation on investment properties is charged to statement of profit or loss using the straight-line method to allocate their costs over their estimated useful lives. The estimated useful lives of investment properties for the current and comparative periods are as follows:

	<u>2025</u>	<u>2024</u>
• Building	85	85
• Equipment	16-20	16-20
• Infrastructure assets	20-85	20-85

4.4 Financial instruments

Financial assets

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Other financial assets are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets owned by the Group have been classified under the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes cash and cash equivalents, restricted cash, financial investment, trade receivables, contract assets and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on investments are recognized as other income in the statement of profit or loss when the right of payment has been established.

Impairment

For trade receivables, contract assets and other receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any recourse available with the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. All financial liabilities of the Group are recognized at amortized cost which includes loans and borrowing, trade payable, contract accruals, other liabilities and due to related parties.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest amortization is included as 'finance costs' in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss. If the group issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments represent consideration paid. Accordingly, the financial liability is derecognized. The equity instrument issued are measured at fair value.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as ‘substantial modification’), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value.

Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

4.5 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit (group of units) in pro rata on the basis of the carrying amount of each asset in the unit (group of units). These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognized in profit or loss. Non-current assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the profit or loss.

4.6 Leases as lessor

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group leases out its investment property. All leases are classified as operating leases from a lessor perspective. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

4.7 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and regulatory expense. Once classified as held-for-sale, associated assets are no longer depreciated.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Moreover, management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Assets classified as held for sale are presented separately in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

4.8 Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of financial position include cash in hand, cash held in unrestricted bank accounts and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents for the purpose of the statement of cash flows include cash and cash equivalents as presented in the statement of financial position together with cash held in certain restricted bank accounts (note 2.4.1.f).

4.9 Restricted cash (at bank)

Cash at bank that is subject to certain restrictions on use does not form part of cash and cash equivalents for the purposes of statement of financial position and are either presented under 'Restricted cash' or under 'Financial investments' based on original contractual maturity, if any.

4.10 Zakat

The Company and its subsidiaries are subject to Zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for Zakat for the Company and Zakat related to the Company's ownership in the subsidiaries is charged to the statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.11 Revenues

Revenue is measured based on the consideration specified in a contract with a customer. The Group has analyzed its business activities and applied the five-step model prescribed by IFRS 15 Revenue from Contracts with Customers to each material line of business, as outlined below:

Sale of development properties

Sale of development properties primarily represents units in hotels / accommodations. Revenue recognition regarding the sale of such units is determined by the contractual terms and conditions for each arrangement where the control of the underlying asset has transferred to the customer.

Rental income from investment properties

Rental income arising from operating leases on investment properties is recognized in the statement of profit or loss on a straight-line basis over the term of the lease. When the Group provides incentives to its customers in the form of rent-free period, the incentive is recognized as a reduction of the total rental income over the entire lease term, on a straight-line basis.

Revenue from hotel operations

Revenue from hotel operations comprises revenue from rooms, food and beverages and other associated services provided by the hotel to its customers. The revenue is recognized net of discounts, applicable taxes, and municipality fees on an accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

4.11 Revenues (continued)

Revenue from hotel operations (continued)

Sale of accommodation

The contract to provide accommodation is established when the customer books accommodation. The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night is determined at the time of booking. Performance obligations are satisfied over time, and revenue from hotel services is recognized daily, as the rooms are occupied, and services are rendered. Guest deposits received in advance of hotel stays are recorded as contract liability in the Group statement of financial position.

Sale of food and beverage and other associated services

The contract is established when the customer orders the food and beverage item (goods) or requests for hotel accommodation associated services (service) where the performance obligation is the provision of goods or satisfaction of service by the hotel. The performance obligation is satisfied when the goods or service are consumed by the customer and revenue is recognized at this point at the price for the items purchased or services acquired. Settlement is made on the same day, and consequently, there are no contract assets or liabilities.

4.12 Borrowings costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the time such assets are substantially ready for their intended use or sale and thereafter such costs are charged to the consolidated statement of profit or loss and other comprehensive income.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. General borrowing costs are calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. In case of specific borrowings, all such costs, directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. The general borrowing cost and specific borrowing which are not eligible for capitalization are expensed in the period in which these are incurred.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Lands (d)</u> SR'000	<u>Buildings</u> SR'000	Central District Cooling <u>System (a)</u> SR'000	<u>Equipment</u> SR'000	Furniture and fixtures and <u>other assets</u> SR'000	Infrastructure <u>assets</u> SR'000	Capital work in <u>progress</u> SR'000	<u>Total</u> SR'000
Cost:								
Balance at 01 January 2024	2,509,952	7,847,002	1,037,883	3,602,006	951,041	467,428	7,268,783	23,684,095
Additions during the year (note 5(e))	--	235	--	3,264	13,738	--	534,287	551,524
Disposals during the year	--	--	--	--	(1,688)	--	--	(1,688)
Transfer from CWIP (note 5(c))	--	899,171	--	417,022	131,236	40,187	(1,487,616)	--
Transfer to assets held for sale (note 5(b))	(59,479)	--	--	--	--	--	(196,455)	(255,934)
Balance at 31 December 2024	2,450,473	8,746,408	1,037,883	4,022,292	1,094,327	507,615	6,118,999	23,977,997
Additions during the year (note 5(e))	--	4,137	--	5,020	29,395	--	692,118	730,670
Transfer from CWIP (note 5(c))	--	793,547	--	972,433	325,451	--	(2,091,431)	--
Transfer to investment properties (note 5(g))	--	(394,237)	--	(188,961)	--	(38,371)	(958,396)	(1,579,965)
Balance at 31 December 2025	2,450,473	9,149,855	1,037,883	4,810,784	1,449,173	469,244	3,761,290	23,128,702
Accumulated depreciation and impairment:								
Balance at 1 January 2024	--	525,113	222,764	597,004	320,082	78,300	584,200	2,327,463
Impairment charge / (reversals/transfer) (note 5(h))	--	324,258	--	174,917	44,571	(8,553)	(232,935)	302,258
Depreciation for the year (note 20 and 21)	--	96,203	35,802	122,901	91,695	8,861	--	355,462
Disposals during the year	--	--	--	--	(1,283)	--	--	(1,283)
Balance at 31 December 2024	--	945,574	258,566	894,822	455,065	78,608	351,265	2,983,900
Impairment charge / (reversals/transfer) (note 5(h))	--	(159,555)	--	2,768	8,197	--	96,497	(52,093)
Depreciation for the year (note 20 and 21)	--	114,640	35,014	139,138	112,376	8,922	--	410,090
Transfer to investment properties (note 5(g))	--	(44,663)	--	(79,460)	--	(9,772)	--	(133,895)
Balance at 31 December 2025	--	855,996	293,580	957,268	575,638	77,758	447,762	3,208,002
Net book value:								
At 31 December 2025	2,450,473	8,293,859	744,303	3,853,516	873,535	391,486	3,313,528	19,920,700
At 31 December 2024	2,450,473	7,800,834	779,317	3,127,470	639,262	429,007	5,767,734	20,994,097

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT (continued)

a. The Group has an arrangement ("the Agreement") with the Central District Cooling Company ("CDCC"), an equity accounted investment, for the construction, operation and maintenance of the District Cooling System ("DCS") for a period of 26.5 years from the date of final commissioning of DCS which became effective on 31 December 2014.

b. Movement in certain plots of land classified as assets held for sale under IFRS 5 is as follows:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Opening balance of assets held for sale	853,803	923,356
Transferred from property, plant and equipment	--	255,934
Sold during the year	<u>(853,803)</u>	<u>(325,487)</u>
Closing balance of assets held for sale	<u>--</u>	<u>853,803</u>

During the year ended 31 December 2025, all sale transactions met the conditions for recognition of income in the books of the Group. Accordingly, the Group recognized the sale of all three land parcels presented as "assets held for sale" resulting in a gain of SR 2,320 million net of associated costs (refer note 22). All amounts due under the contracts have been received during the year.

c. These represents transfers between capital work in progress and other components of property, plant and equipment based on commissioning of new properties.

d. Land (the 'Land') represents plots situated in the Jabal Omar area, which were received by the Company from the founding shareholders (the 'Owners') against issuance of its shares at nominal value of SR 10 per share by virtue of a Royal Decree (the 'Decree') (note 1).

e. During the year ended 31 December 2025, an amount of SR 204.7 million (31 December 2024: SR 265.3 million) was capitalized as borrowing cost for the construction of property, plant and equipment included in capital work in progress. Furthermore, the capitalization rate used to determine the amount of borrowing cost to be capitalized was 6.60% per annum (2024: 7.62% per annum) which is the weighted average (general borrowing) interest rate applicable to the Group during the year.

f. As of 31 December 2025, the Group's property, plant and equipment having a carrying value amounting to SR 17,168 million (31 December 2024: 16,780 million) were collateralized against loans and borrowings (note 13).

g. During the year, certain parking related assets were transferred from property, plant and equipment to investment properties due to the change in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- h. In prior and current financial periods, management identified indicators of impairment for its non-current assets held as part of property, plant and equipment and investment properties ('Properties') and carried out an annual impairment testing exercise. As part of this exercise, management has engaged valuation expert accredited by the Saudi Authority for Accredited Valuers (Taqeem), for the determination of the value in use and fair value less cost to disposal ('fair values') of the relevant CGUs to which its Properties correspond. Management has considered such fair values and value in use for assessing the recoverable amounts of the Properties which have then been compared with the respective carrying amounts of the CGUs (in case of fair value, represented by different zones; and in case of value in use, represented by hotels and commercial centers).

In the determination of fair values, management has taken into account a market participant's ability to generate economic benefits by using the Properties in their 'highest and best use' or by selling them to another market participant that would use the Properties in their 'highest and best use'. Such 'highest and best use' assessment considers possible uses of the Properties that are physically possible, legally permissible and financially feasible. Moreover, any costs ancillary to or associated with the possible uses are also estimated and considered in the fair value assessment.

As such, as at the reporting date, management has determined that the fair values of certain Properties are maximized in the event of the sale of associated land less any associated cost of demolition of adjacent structures. Accordingly, while different zones (note 1) may include one or more Properties that are capable of generating largely independent cashflows, however, from the perspective of the 'highest and best use', it has been determined that the relevant CGUs are represented by distinct zone(s), whereby such distinct zone(s) represents specific parcel / plot of land (over which construction may or may not have been carried out) and such zone(s) are distinctly physically separated by surrounding infrastructure assets. This is because any structures constructed over such zone(s) that include developments, such as hotels and commercial centers, are physically interconnected.

The fair value measurement for all the property, plant and equipment has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. In the determination of fair value of the Properties, management has considered various relevant and appropriate sources of information, both internal and external, including but not limited to estimates provided by the Taqem certified valuer, macroeconomic factors, regulatory developments and actual comparable transactions.

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

5(h)(i) Summary of Impaired CGUs:

S.No	CGU description		Carrying amount, net 31 December 2025	Carrying amount, net 31 December 2024	Accumulated impairment 31 December 2025	Accumulated impairment 31 December 2024	Key assumptions	
	Zone	Phase	SR'000	SR'000	SR'000	SR'000		
1	N1&N6A ¹	3	Operating Hotels and Commercial Centers	6,048,578	5,889,541	--	334,376	<ul style="list-style-type: none"> • Relevant comparable transactions • Adjustments applied and weightages allocated to comparable transaction. • Demolition cost • Discount rate • Average occupancy rate • Average daily rate • EBITDA • Growth rate of cashflows including terminal growth rate
2	S9 ¹	4	Under construction / development Hotels and Commercial Centers	2,430,714	2,253,903	359,910	237,242	
3	S10&S11 ¹	4	Under construction / development Hotels and Commercial Centers	3,473,358	3,227,808	331,974	114,023	
4	S3&S4 ²	2	Operating Hotel	3,367,421	3,448,962	329,447	387,783	
				15,320,071	14,820,214	1,021,331	1,073,424	

¹ Market approach: Recoverable amount based on sale of lands under fair value less cost of disposal.

² Income approach: Recoverable amount based on Discounted Cash Flow (DCF) model.

5(h)(ii) Significant Inputs / Key Assumption used in the Valuation of Properties:

Valuation approach	Input/assumption description	Value	Sensitivity
Market approach	Demolition cost rate per square meter (in SR)	275	+/- 0.5%
	Relevant comparable transactions (actual transactions)	Comparable sales transactions executed in the Central Makkah region including by the Group	N/A
	Adjustments applied to comparable transaction	Various adjustments applied based on the similarity / dissimilarity of the subject property with the comparable	+/- 5%
Income approach	Discount rate*	8.00%	+/- 1%
	Average occupancy rate	30% - 87%	+/- 1%
	Average daily rate (in SR)	668 - 1,343	+/- 5%
	EBITDA	48% - 59%	+/- 1%
	Commercial lease rate per square meter for commercial center classified under investment properties (in SR)*	3,216 - 5,346	+/- 1%
	Growth rate of cashflows including terminal growth rate*	2%	+/- 1%

*Represents assumptions also applied for the purpose valuation of investment properties (note 6(f))

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6. INVESTMENT PROPERTIES

Investment properties comprise of commercial centers and parking spaces. All the investment properties held by the Group are for the purpose of generating rental income and it does not hold any investment properties with undetermined future use.

	<u>Land</u> <u>(note 5(d))</u> SR'000	<u>Buildings</u> SR'000	<u>Equipment</u> SR'000	<u>Infrastructure</u> <u>assets</u> SR'000	<u>Capital work in</u> <u>progress</u> SR'000	<u>Total</u> SR'000
Cost:						
Balance at 1 January 2024	1,339,673	485,746	181,375	53,964	1,561,177	3,621,935
Transfer from CWIP (note 6(b))	--	388,889	198,567	--	(587,456)	--
Additions during the year (note 6(a))	--	--	--	--	53,285	53,285
Balance at 31 December 2024	1,339,673	874,635	379,942	53,964	1,027,006	3,675,220
Transfer from property, plant and equipment (note 5(g))	--	394,237	188,961	38,371	958,396	1,579,965
Transfer from CWIP (note 6(b))	--	332,684	114,713	--	(447,397)	--
Additions during the year (note 6 (a))	--	--	--	627	37,680	38,307
Balance at 31 December 2025	1,339,673	1,601,556	683,616	92,962	1,575,685	5,293,492
Accumulated depreciation:						
Balance at 1 January 2024	--	36,785	61,445	15,918	--	114,148
Depreciation for the year (note 20 and 21)	--	11,344	21,406	1,048	--	33,798
Balance at 31 December 2024	--	48,129	82,851	16,966	--	147,946
Transfer from property, plant and equipment (note 5(g))	--	44,663	79,460	9,772	--	133,895
Depreciation for the year (note 20 and 21)	--	16,956	29,900	2,145	--	49,001
Balance at 31 December 2025	--	109,748	192,211	28,883	--	330,842
Net book value:						
At 31 December 2025	1,339,673	1,491,808	491,405	64,079	1,575,685	4,962,650
At 31 December 2024	1,339,673	826,506	297,091	36,998	1,027,006	3,527,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. INVESTMENT PROPERTIES (continued)

- a. During the year ended 31 December 2025, there was SR 37.7 million capitalized as borrowing costs for the construction of investment properties included in capital work in progress (2024: SR 53.3 million). Furthermore, the capitalization rate used to determine the amount of borrowing costs to be capitalized was of 6.60% per annum (2024: 7.62% per annum) which is the weighted average (general borrowing) interest rate applicable to the Group during the year.
- b. These represent transfers between capital work in progress and other components of investment properties based on commissioning of new properties.
- c. Depreciation charged for the year has been allocated to cost of revenue.
- d. As of 31 December 2025, the Group's investment properties having carrying value amounting to SR 1,504 million (2024: 1,560 million) were mortgaged as collateral against loans and borrowings (note 13).
- e. Amounts recognized in statement of profit or loss for investment properties are as follows:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Rental income from operating leases	<u>225,063</u>	<u>174,254</u>
Direct operating expenses on property that generated rental income	<u>(99,825)</u>	<u>(79,287)</u>

There were no direct operating expenses on investment properties that did not generate rental income during 2025 and 2024.

- f. The fair value of investment properties was determined by an independent external valuation expert accredited by the Saudi Authority of Accredited Valuer (Taqeem), having appropriate recognized professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers provide fair value of the Group's investment properties portfolio every 12 months. The fair value measurement for investment properties of SR 5,905 million (2024: 5,078 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4 and note 5(h)(ii)).
- g. Revenues are derived from a large number of tenants, and no single tenant represents more than 10% of the Group's revenues.
- h. As of 31 December 2025, the Group does not have any contractual obligation for future repairs and maintenance which is required to be recognized as liability.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. EQUITY-ACCOUNTED INVESTEE

This represents Company's 40% equity investment in Central District Cooling Company ("CDCC"), which is principally engaged in the business of providing District Cooling System ('DCS') services. CDCC has share capital consisting solely of ordinary shares, which are held directly by the Company. CDCC is not publicly listed. The principal place of the business is Makkah, Kingdom of Saudi Arabia ("KSA"). CDCC is structured as a separate vehicle and the Company has a residual interest in the net assets of CDCC. Accordingly, the Group has classified its interest in CDCC as an equity investment. The information disclosed reflects the amounts presented in the financial statements of the equity investment.

Summarized financial information of the equity investment and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows.

Summarized statement of financial position of equity investment:

'000 SR	<u>2025</u>	<u>2024</u>
Percentage ownership interest	40%	40%
Non-current assets	706,419	733,339
Current assets (including cash and cash equivalents – 2025: SR 255; 2024: SR 2,763)	92,673	307,599
Non-current liabilities (including non-current financial liabilities from conventional sources excluding trade and other payables and provisions – 2025: SR 41,194; 2024: SR 42,800)	(368,454)	(391,596)
Current liabilities (including current financial liabilities from conventional sources excluding trade and other payables and provisions – 2025: SR 5,000; 2024: SR 5,000)	(64,143)	(257,646)
Net assets (100%)	<u>366,495</u>	<u>391,696</u>
Net assets allocable to the shareholders in the ratio of the equity interest	<u>366,495</u>	<u>352,236</u>
Group's share of net assets (40%)	<u>146,598</u>	<u>140,894</u>

Summarized Statement of profit or loss of equity investment:

'000 SR	<u>2025</u>	<u>2024</u>
Revenue	78,846	97,839
Depreciation and amortisation	(1,268)	(1,862)
Finance costs	(36,933)	(40,697)
Zakat and income tax expense	(1,234)	(7,286)
Other expenses	(13,402)	(35,316)
Other comprehensive income	--	--
Profit and total comprehensive income (100%)	<u>26,009</u>	<u>12,678</u>
Profit and total comprehensive income (40%)	<u>10,404</u>	<u>5,071</u>
Prior year profit adjustment in current year	(4,701)	7,842
Group's share of profit and total comprehensive income (40%)	<u>5,703</u>	<u>12,913</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. FINANCIAL INVESTMENTS

	<u>Note</u>	<u>Carrying value</u>		<u>Unrealized (loss)/profit</u>	
		<u>2025</u> SR'000	<u>2024</u> SR'000	<u>2025</u> SR'000	<u>2024</u> SR'000
Current assets					
Fair value through profit or loss	a	254,214	268,816	(14,602)	1,557
Term deposits at amortized cost	b	20,379	--	--	--
		274,593	268,816	(14,602)	1,557

- a) This represents investment in 20 million units (2024: 20 million units) of Al Bilad Makkah Hospitality Fund (“the investee”) which is a private placement closed ended real estate investment fund domiciled in KSA and managed by Al Bilad Investment Company. The objective of the investee is to acquire interest in properties situated in Makkah in order to generate income and capital growth. The investee prepares and publishes financial statements on semi-annual basis under which it reports net asset value of the fund based on the fair value of these investment properties, as determined by two independent valuers (referred to as 'Indicative NAV'), using level 3 unobservable inputs. Management believes that such valuation approach is a reasonable approximation of the fair value of the investee since the indicative NAV is based on the fair value of the core assets of the investee. As per the management financial statements of the investee for the year ended 31 December 2025, the Indicative NAV per unit amounts to SR 12.71 / unit (2024: SR 13.44 / unit), which has accordingly been used as a valuation basis of the Group's investment as at 31 December 2025.

Refer note 26 for information about the methods and assumptions used in determining fair value including the valuation techniques used in measuring fair values for financial instruments.

- b) These represents Murabaha deposits held with a local commercial bank in respect of the funds over which there is a restriction on the Company for access to and/or use thereof due to contractual arrangements with the bank. These deposits have original maturity of more than three months, earning interest rates ranging from 4.70% to 4.75%.

9. CASH AND CASH EQUIVALENTS

	<u>2025</u> SR'000	<u>2024</u> SR'000
Cash in hand	826	1,171
Cash at banks (note (b))	431,000	588,629
Term deposits (note (a))	906,752	297,297
Cash and cash equivalents in the statement of cash flows	1,338,578	887,097
Less: Restricted cash – non-current (note (b))	(30,092)	(69,435)
Less: Restricted cash – current (note (b))	(124,048)	(222,007)
Cash and cash equivalents in the statement of financial position	1,184,438	595,655

- a) These represent Murabaha deposits having original maturity of three months or less placed at interest rates ranging from 4.45% to 5.22% (2024: from 5.12% to 5.80%) with local commercial banks.
- b) The cash is currently held in accounts with local commercial banks having credit rating of "A-" except for two banks having credit rating of "A". The fair value of cash and cash equivalents and restricted cash approximates their carrying value as at 31 December 2025 and 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. OTHER ASSETS

	<u>2025</u> SR'000	<u>2024</u> SR'000
Classified under non-current assets:		
Accrued lease receivable (note 10.1)	7,123	10,566
Others	<u>13,500</u>	--
	<u>20,623</u>	<u>10,566</u>
Classified under current assets:		
Prepaid expenses	13,118	13,786
Accrued lease receivable (note 10.1)	5,000	5,000
Others	<u>8,031</u>	<u>12,042</u>
	<u>26,149</u>	<u>30,828</u>

- 10.1 Accrued lease receivable represents rent receivable from Central District Cooling Company ('CDCC') under the operating lease arrangement between CDCC and Jabal Omar for the purpose of construction of the District Cooling System in accordance with a Mega Plant Site Agreement.

Rental income recognized by the Group during 2025 amounted to SR 4.1 million (2024: SR 4.1 million). The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Less than one year	5,000	5,000
One to two years	5,000	5,000
Two to three years	5,000	5,000
Three to four years	5,000	5,000
Four to five years	5,000	5,000
More than five years	<u>52,500</u>	<u>57,500</u>
Total	<u>77,500</u>	<u>82,500</u>

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11. TRADE AND OTHER RECEIVABLES

	<u>2025</u> SR'000	<u>2024</u> SR'000
Receivables from contract with customers	115,306	139,418
Receivables from rental income	86,495	86,749
Contract assets (note 11.1)	37,289	23,165
Advances to suppliers (note 11.2)	10,934	12,991
Other receivables	194	1,392
Receivable from land sale (note 5(b))	--	653,329
Amounts due from a related party	--	18,086
Less: Allowance for expected credit loss (note 11.3)	<u>(68,089)</u>	<u>(95,034)</u>
	<u>182,129</u>	<u>840,096</u>

The carrying value of Group's receivables (including contract assets) may be affected by changes in the credit risk of the counterparties. It is not the practice of the Group to obtain collateral over third party receivables, and these are, therefore, unsecured.

The Group's trade receivables (receivable from contract with customers and rental income) are concentrated in the Kingdom of Saudi Arabia. As at 31 December 2025, three largest customers account for 29% (31 December 2024: 34%) of the outstanding trade receivables.

11.1 Contract assets relates to unbilled rentals from commercial center shops' tenants and unbilled hotel accommodation charges. Upon billing of invoice, contract assets are reclassified to trade receivables. The Group also recognizes a loss allowance for contract assets in accordance with IFRS 9.

11.2 These represents amounts paid to suppliers in advance in the ordinary course of business.

11.3 The allowance for expected credit loss against trade and other receivables is as follows:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Receivables from contract with customers	53,718	31,659
Receivables from rental income	13,585	39,834
Receivable from land sale	--	23,232
Contract Assets	786	309
	<u>68,089</u>	<u>95,034</u>

Movement in allowance for credit losses against trade and other receivables are as follows:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Opening balance	95,034	47,396
Charge for the year	12,243	49,284
Written off during the year	<u>(39,188)</u>	<u>(1,646)</u>
Closing balance	<u>68,089</u>	<u>95,034</u>

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12. CAPITAL AND RESERVES

12.1 Share capital

*Number of shares unless otherwise stated
Figures in '000*

	Ordinary shares	
	2025	2024
In issue at 1 January	1,180,023	1,154,534
Issue of shares under debt-to-equity swap agreement (note 12.1.1)	--	25,489
In issue at 31 December, fully paid	<u>1,180,023</u>	<u>1,180,023</u>
Authorised shares – par value SR 10	<u>SR 11,800,229</u>	<u>SR 11,800,229</u>

12.1.1 During the prior year ended 31 December 2024, the Company entered into a debt-to-equity swap agreement (“Debt to equity swap” or the “Swap”) for the settlement of certain amounts owed by the Company to Makkah Construction and Development Company (amounting to SR 310 million) and Central District Cooling Company (amounting to SR 238 million) via issuance of ordinary shares in the Company. The swap price amounted to SR 21.48 per share resulting in issuance of 25.5 million shares with a corresponding increase in share capital and share premium of SR 255 million and SR 293 million, respectively.

12.2 Share premium

Below is the movement in share premium reserve for the year ended 31 December:

	2025	2024
	SR'000	SR'000
Share premium balance as of 1 January	920,207	627,596
Impact of Debt-to-equity swap (note 12.1.1)	--	292,611
Share premium balance as of 31 December	<u>920,207</u>	<u>920,207</u>

12.3 Statutory reserve

During the year ended 31 December 2025, the shareholders of the Company, through an Extraordinary General Assembly Meeting held on 20 May 2025 (corresponding to 22 Dhul-Qadah 1446H), approved transfer of the statutory reserve balance amounting to SR 108.5 million as at 31 December 2024 to retained earnings pursuant to the new Companies Law and in accordance with the Company’s amended By-laws.

12.4 Reserve for advances to certain founding shareholders

This represents amounts advanced to certain founding shareholders (“the Founders”) in prior years, duly approved by the shareholders and stipulated in the By-laws of the Company, and subsequently ceased via shareholder resolution in their extraordinary general assembly meeting dated 28 March 2016 (corresponding to 19 Jumada Al Thani 1437H). The advances are adjustable against future dividend distributions by the Company to the founders and / or against the proceeds from disposal of Company’s shares held by the Founders. During the year ended 31 December 2025, no amounts were received against advances from certain foundering shareholders (2024: received SR 0.16 million).

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For the year ended 31 December 2025

13. LOANS AND BORROWINGS

The following notes provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. All loans and borrowings of the Group are Shari'a-compliant Islamic facilities. For information about the Group's exposure to interest rate and liquidity risk, refer note 26.

	<u>2025</u> SR'000	<u>2024</u> SR'000
Loans and borrowings	9,286,962	12,075,373
Accrued commission	65,969	78,227
<i>Less:</i> Deferred financial charges	<u>(37,027)</u>	<u>(44,108)</u>
	9,315,904	12,109,492
Current portion	<u>(551,543)</u>	<u>(1,156,582)</u>
Non-current portion	<u>8,764,361</u>	<u>10,952,910</u>

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13. LOANS AND BORROWINGS (continued)

Below is the summary of the loans and borrowings arrangement of the Group along with details of any associated collateral:

<u>31 December 2025</u>	<u>Non-current portion*</u>	<u>Current portion*</u>	<u>Facility limit</u>	<u>Last restructuring date</u>	<u>Repayment period</u>	<u>Repayment term</u>	<u>Collateral</u>	<u>Carrying amount of the Collateral (note 5(f), 6(d))</u>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>					<i>SR '000</i>
<i>Secured bank loans</i>								
Government loan (note (a))	1,723,527	(19,185)	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,048,578
Syndicate loan (note (b))	4,022,656	96,316	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	9,553,755
Facility from a local bank (note (c))	497,970	163,831	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (g))	1,239,500	188,637	2,000,000	--	27-Feb-26 to 27-Aug-30	Semi-Annual	Refer note (g)	2,765,177
<i>Unsecured bank loans</i>								
Facility from a local bank (note (f))	1,310,145	129,534	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	<u>8,793,798</u>	<u>559,133</u>						
Less: Deferred financial charges	<u>(29,437)</u>	<u>(7,590)</u>						
	<u>8,764,361</u>	<u>551,543</u>						
<u>31 December 2024</u>	<u>Non-current portion*</u>	<u>Current portion*</u>	<u>Facility limit</u>	<u>Last restructuring date</u>	<u>Repayment period</u>	<u>Repayment term</u>	<u>Collateral</u>	<u>Carrying amount of the Collateral (note 5(f), 6(d))</u>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>					<i>SR '000</i>
<i>Secured bank loans</i>								
Government loan (note (a))	1,656,314	(19,132)	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,164,079
Syndicate loan (note (b))	5,907,618	84,984	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	9,564,350
Facility from a local bank (note (c))	643,000	72,868	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (d))	1,355,874	164,223	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,969,559
Facility from a local bank (note (e))	--	729,262	1,900,000	--	Earlier of sale of collateral assets or 24-Jan-26	Bullet payment	Refer note (e)	337,527
<i>Unsecured bank loans</i>								
Facility from a local bank (note (f))	1,426,087	132,502	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	<u>10,988,893</u>	<u>1,164,707</u>						
Less: Deferred financial charges	<u>(35,983)</u>	<u>(8,125)</u>						
	<u>10,952,910</u>	<u>1,156,582</u>						

*These balances include accrued commission

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13. LOANS AND BORROWINGS (continued)

- a) During 2021, the Group entered into a loan restructuring agreement with Ministry of Finance ('Government entity') that involved significant modifications of the loan terms, including waiver of the entire accrued and unpaid commission balance as of the date of the loan restructuring agreement of SR 457 million, capitalization of commission for certain period before commencing repayments, revision in commission rates, conversion of SR 1.5 billion of the total existing loan amount into a new unsecured Shari'a-compliant subordinated perpetual instrument ("Perpetual instrument"), and maturity extension of the remaining secured borrowing facility of SR 1.5 billion to 31 March 2031, repayable as a bullet payment ("Bullet Loan").

The SR 1.5 billion Perpetual instrument does not carry a contractual maturity nor does the Government entity hold a contractual right to redemption or repayment in the ordinary course of Group's business. Moreover, the Group may elect not to make any of the profit payments, except in the event of distribution of dividend to ordinary shareholders, and such non-payment of profit shall neither accumulate nor be considered an event of default. The Group has analysed the Perpetual Instrument having features of an equity instrument under IAS-32 and hence classified the instrument under equity at its fair value on the date of debt conversion.

Pursuant to receipt of binding term sheets from Government entity, confirmation from the facility agent and approval of Board of Directors (BoD) of acceptance of term sheets, the Group derecognized the old facility and recognized new facilities during 2021.

The Group has pledged its properties in phase 3 to the lender as mortgage against this loan and for the guarantee provided by the Government referred to in point (f) below. The facility includes financial covenant requiring the Group to ensure that the loan-to-value (LTV) ratio must not exceed 100% at the end of each financial year. The Group is in compliance with this covenant as at 31 December 2025.

- b) The Group has pledged its properties in phase 2 and phase 4 to the lender as mortgage against the loan. Furthermore, the Group has also issued a promissory note in favor of the syndicate amounting to SR 6.1 billion.

The facility contains financial covenant stating that the Group shall ensure the LTV ratio does not exceed 90% following the end of each financial year. The Group is in compliance with this covenant as at 31 December 2025.

- c) The Group has pledged certain plots of land in phase 7 to the lender as mortgage against the loan. The facility contains financial covenant stating that that the coverage rate of mortgaged properties shall not be less than 120% of the outstanding amount of loan at the end of each financial year. The Group is in compliance with this covenant as at 31 December 2025. The loan was fully repaid by the Group subsequent to the year ended 31 December 2025.

- d) The Group pledged one property in phase 1 to the lender as mortgage against the loan. The facility contained financial covenants requiring the Group to ensure that the debt service cover ratio (EBITDA to Debt Service) to not fall below 120% and coverage of mortgaged property to not fall below 130% of total outstanding facilities as at the end of each financial year. The loan was fully repaid by the Group during the year ended 31 December 2025.

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13. LOANS AND BORROWINGS (continued)

- e) During the year ended 31 December 2024, the Group entered into Murabaha facility arrangement of SR 1.9 billion with a local bank comprising of long-term financing facility secured against two properties in phase 6 as mortgage against the loan. This loan was secured against the guarantee provided by the Government to the lender. There were no financial debt covenants related to the facility. As of the reporting date both collateralized properties have been sold by the Group and accordingly loan has been repaid in full.
- f) This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.
- g) During the year ended 31 December 2025, the Group entered into a Murabaha facility arrangement of SR 2 billion with a local bank secured against two properties of the Group located in phase 1 as mortgage against the loan. Furthermore, the Group has also issued a promissory note in favor of the bank amounting to SR 2.1 billion.

The facility contains financial covenants stating that the coverage rate of mortgaged properties shall not be less than 175% of the outstanding amount of loan, debt service cover ratio (EBITDA to Debt Service) of mortgaged properties shall not fall below 125% and financial leverage ratio shall not exceed 1.5 times at the end of each financial year. The Group is in compliance with these covenants as at 31 December 2025.

- h) During the year ended 31 December 2025, total drawdowns against loans and borrowings amounted to SR 1,441 million (2024: SR 1,218 million), repayments amounted to SR 4,339 million (2024: SR 833 million), while total finance cost paid amounted to SR 636 million (2024: SR 974 million).

14. EMPLOYEE BENEFITS

The Group operates an unfunded defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries including allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in applicable Labor Laws of the Kingdom of Saudi Arabia.

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Balance at 1 January	48,380	40,959
<i>Included in profit or loss</i>		
Current service cost	8,170	11,182
Interest cost	2,385	1,778
Past service cost	--	(119)
	10,555	12,841
<i>Included in other comprehensive income</i>		
- Actuarial loss/(gain) arising from:		
• demographic assumptions	--	542
• financial assumptions	202	(523)
• experience adjustment	27	(808)
	229	(789)
<i>Other</i>		
Benefits paid	(4,401)	(4,631)
Balance at 31 December	54,763	48,380

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14. EMPLOYEE BENEFITS (continued)

Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date:

	<u>2025</u>	<u>2024</u>
Discount rate (%)	5.22%	5.33%
Future salary growth (%)	4.96%	4.98%

At 31 December 2025, the weighted-average duration of the defined benefit obligation was 5.77 years (2024: 6.42 years).

Expected future payments are discounted using market yields at the end of the reporting period of high-quality government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<u>2025</u>		<u>2024</u>	
	<u>Increase</u> <i>SR'000</i>	<u>Decrease</u> <i>SR'000</i>	<u>Increase</u> <i>SR'000</i>	<u>Decrease</u> <i>SR'000</i>
Discount rate (1% movement)	(2,989)	3,371	(2,868)	3,239
Future salary growth (1% movement)	3,401	(2,959)	3,406	(3,070)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

15. OTHER NON-CURRENT LIABILITIES

	<u>2025</u> SR'000	<u>2024</u> SR'000
Payable to CDCC (note (a))	687,780	711,688
Retention payable (note 16(c))	25,460	65,490
Refundable deposits (note (b))	2,960	4,477
Others	5,853	5,913
	<u>722,053</u>	<u>787,568</u>

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15. OTHER NON-CURRENT LIABILITIES (continued)

- a) This represents payable to CDCC in relation to construction and operation of District Cooling System (for provision of cooling facilities) to the Group at pre-agreed rates.
- b) Refundable deposits are received in connection with lease of commercial centers which are to be settled at the end of the corresponding lease contract.

16. TRADE PAYABLE AND OTHER CURRENT LIABILITIES

	<u>2025</u> SR'000	<u>2024</u> SR'000
Trade payable	83,683	130,776
Accrued expenses and other liabilities (note (a))	235,296	249,983
Contract liability (note (b))	194,534	207,255
Contractor accrued balances	32,084	42,329
Amounts due to a related party	57,193	49,038
Retention payable (note (c))	57,143	93,944
Advances from customers	6,363	7,266
VAT payable	9,341	15,144
	<u>675,637</u>	<u>795,735</u>

- a) This includes provisions pertaining to certain statutory and contractual obligation amounting to SR 56.5 million (2024: SR 35.9 million) with uncertain amount and timing.
- b) Contract liability includes amounts received in advance in respect of hotel booking and rent from commercial centers.
- c) Retention payables consist of amount due to be settled to contractors based on agreed terms. The amount has been classified as under current and non-current based on expected date of settlement.

17. ZAKAT PAYABLE

During the year ended 31 December 2025, the Group has recorded net Zakat reversal for the current year amounting to SR 35.6 million (2024: Zakat charge of SR 23.7 million).

The movement in the Zakat provision for the year is as follows:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Opening balance	341,971	485,686
Charge – current year	49,893	23,712
Reversal – prior years (note 17(c) and (d))	(85,538)	--
Net Zakat for the year	(35,645)	23,712
Advance settlement	--	(49,110)
Modification gain on payment plan (note 17(b))	--	(84,619)
Unwinding of modification gain (note 17(c))	16,818	4,928
Payments made during the year	(81,631)	(38,626)
Closing balance	<u>241,513</u>	<u>341,971</u>
Current portion	<u>83,826</u>	<u>168,379</u>
Non-current portion	<u>157,687</u>	<u>173,592</u>

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17. ZAKAT PAYABLE (continued)

Significant components of Zakat base are as follows:

		<u>2025</u> SR'000	<u>2024</u> SR'000
Equity as at 31 December		15,863,628	13,471,341
Add: provisions and other adjustments		9,774,394	12,321,639
Less: carrying amount of long-term assets		(25,031,428)	(24,875,601)
Zakat base	A	606,594	917,379
Zakat-able income for the year	B	1,930,300	415,297
Charge for the year at 2.5% on higher of A and B		49,893	23,712

Certain items have been adjusted in accordance with the applicable regulations to arrive at the Zakat base. Zakat is computed at a rate of 2.5% applied to the amount that is the higher of adjusted net income (Zakat-able income) and Zakat base.

Zakat status:

- a) The Group has filed Zakat returns for all years up to and including 31 December 2024. Zakat assessments have been finalized with Zakat, Tax and Customs Authority (“ZATCA”) for all years up to 31 December 2023. The Zakat return for the year ended 31 December 2024 is currently under review by ZATCA against which the Company has received certain queries during the year ended 31 December 2025, however, no assessment order has been raised yet.
- b) During the year ended 31 December 2024, ZATCA approved a payment plan in relation to previously concluded assessments for all years prior to and up to 31 December 2018, whereby ZATCA raised an additional Zakat liability of SR 354 million to the Group in prior year. As per the foregoing approved payment plan, the additional Zakat liability became payable in quarterly installments commencing from September 2024 and ending in June 2033. The decision resulted in a modification gain in prior year due to revision in the present value of Zakat obligation of SR 354 million based on the approved payment plan which gets un-winded at each reporting period.
- c) During the year ended 31 December 2024, ZATCA issued new Zakat regulations through Ministerial Resolution No. 1007, dated 29 February 2024. These regulations became effective from 1 January 2024 and provided Zakat payers the option to apply the new rules to financial years prior to 1 January 2024, subject to ZATCA's approval. Accordingly, the Group chose to adopt the new Zakat regulations and submitted a corresponding application to ZATCA, along with revised returns for the years 2019, 2020, 2021 and 2022, which ZATCA accepted. In May 2025, ZATCA issued a final assessment order amounting to SR 24.6 million for all the years from 2019 to 2022, which was duly paid by the Company during the current year. This resulted in a reversal of previously recognized provision of SR 73.6 million which was based on the foregoing re-submission.
- d) During the year ended 31 December 2025, the Group reversed provisions amounting to SR 11.9 million relating to prior years based on final settlements completed until the reporting date.

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18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors and transactions with related parties are carried out at agreed terms. Significant transactions with related parties in the ordinary course of business included in the consolidated financial statements for the year ended 31 December and balances arising therefrom are summarized below:

<u>Related party and relationship</u>	<u>Nature of transaction</u>	<u>2025</u> SR'000	<u>2024</u> SR'000
Central District Cooling Company (Equity accounted investee)	Cooling charges	67,666	54,053
	Concession payable related finance charges	42,506	43,638
	Rental income	4,057	4,057

Balances arising from transactions with related parties are as follows:

<u>Related party and relationship</u>	<u>Nature of balance</u>	<u>2025</u> SR'000	<u>2024</u> SR'000
Central District Cooling Company (Equity accounted investee)	Other non-current liabilities (note 15)	687,780	711,688
	Other assets (note 10)	12,123	15,566
	Trade and other receivables (note 11)	--	18,086
	Trade payable and other current liabilities (note 16)	57,193	49,038

Key management personnel comprise chief executive officer and heads of departments. Compensation of the group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

<u>Description</u>	<u>Nature of transaction</u>	<u>2025</u> SR'000	<u>2024</u> SR'000
Board of Directors	Meeting attendance fee	5,503	2,185
Key Management Personnel	Short-term employee benefits	19,302	15,694
	Post-employment benefits	138	2,002

19. REVENUE

	<u>2025</u> SR'000	<u>2024</u> SR'000
Revenue from contract with customers	1,899,975	1,727,141
Revenue from rental income	213,882	174,254
	2,113,857	1,901,395

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19. REVENUE (continued)

19.1 Disaggregation of revenue

Set out below is the revenue disaggregated by type of revenue and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments. Further, the Group's revenue is earned in Kingdom of Saudi Arabia ('KSA').

	For the year ended 31 December							
	Operating hotels		Commercial centers		Properties for development and sale		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Revenue from contract with customers:								
Sale of properties for development and sale*	--	--	--	--	11,400	116,872	11,400	116,872
Hotel operations								
- Room rent	1,528,700	1,310,296	--	--	--	--	1,528,700	1,310,296
- Other services	359,875	299,973	--	--	--	--	359,875	299,973
Revenue from rental income:								
Lease of commercial center	--	--	213,882	174,254	--	--	213,882	174,254
	1,888,575	1,610,269	213,882	174,254	11,400	116,872	2,113,857	1,901,395
Timing of revenue recognition:								
Point-in-time	348,694	299,973	--	--	--	116,872	348,694	416,845
Over time	1,539,881	1,310,296	213,882	174,254	11,400	--	1,765,163	1,484,550
Total revenue	1,888,575	1,610,269	213,882	174,254	11,400	116,872	2,113,857	1,901,395

*This includes facility management services provided/charged to owners of units sold in prior years.

19.2 The customers for operating hotels are represented by various diversified members of general public from all over the world. The customers for commercial centers are represented by shop owners in KSA and the parking spaces have been leased to a locally renowned parking operator in KSA. While the customer for properties for development and sale largely represented members of general public. There is no significant concentration of revenue to specific customers in any of the segments.

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19. REVENUE (continued)

19.3 Operating lease - Group as lessor

The future minimum rentals receivable under operating leases contracted as at the reporting date but not recognized as receivables, are as follows:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Less than one year	161,788	144,837
One to two years	103,658	79,617
Two to three years	91,713	55,756
Three to four years	74,629	51,487
Four to five years	67,272	44,832
More than five years	101,210	112,465
Total	<u>600,270</u>	<u>488,994</u>

20. COSTS OF REVENUE

	<u>2025</u> SR'000	<u>2024</u> SR'000
Cost related to property for development and sale	5,600	30,168
Commercial center and parking spaces operating costs	50,824	45,489
Hotel operating cost	964,389	840,538
Depreciation and amortization	448,491	377,421
	<u>1,469,304</u>	<u>1,293,616</u>

21. GENERAL AND ADMINISTRATION EXPENSES

	<u>2025</u> SR'000	<u>2024</u> SR'000
Employee related costs and travelling expenses	51,958	51,850
Depreciation and amortization	11,075	12,172
Professional and consultancy fees (note (a))	15,444	26,217
Attendance fee for board meetings	5,503	2,185
Hotel pre-operating expenses	7,199	318
Others	22,185	71,159
	<u>113,364</u>	<u>163,901</u>

- a) This includes auditor's remuneration amounting to SR 2.87 million paid on account of audit services and SR 0.04 million paid on account of non-audit services.

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22. OTHER OPERATING INCOME, net

	<u>2025</u> SR'000	<u>2024</u> SR'000
Net gain on disposal of asset held for sale (note 5(b))	2,319,738	747,843
Lease rental income (note 18)	4,057	4,057
Other (expense)/income	<u>(29,595)</u>	<u>4,331</u>
	<u>2,294,200</u>	<u>756,231</u>

23. FINANCE COSTS AND FINANCE INCOME

Finance cost:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Loans and borrowings	742,145	973,025
Other non-current liabilities	<u>64,127</u>	<u>57,419</u>
	806,272	1,030,444
Borrowing cost capitalized on qualifying assets (note 5(e) and 6(a))	<u>(242,386)</u>	<u>(318,592)</u>
	<u>563,886</u>	<u>711,852</u>

Finance income:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Murabaha deposits	48,517	24,385
Modification gain on Zakat liability deferral (note 17(c))	<u>--</u>	<u>84,619</u>
	<u>48,517</u>	<u>109,004</u>

24. EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2025 and for the year ended 31 December 2024, have been computed by dividing the profit for the year attributable to the Owners of the Company by weighted average the number of shares outstanding during such year. As there are no dilutive shares outstanding, basic and diluted earnings per share are identical.

	<u>2025</u> SR'000	<u>2024</u> SR'000
Profit for the year attributable to Owners of the Company	<u>2,392,828</u>	<u>200,090</u>
Weighted average number of outstanding shares (number in thousand) (note 24.1)	<u>1,180,023</u>	<u>1,158,584</u>
Earnings per share (Saudi Riyals) – Basic and diluted	<u>2.03</u>	<u>0.17</u>

24.1 Weighted-average number of shares

	<u>2025</u>	<u>2024</u>
<i>In thousand of shares</i>		
Issued shares at 1 January	1,180,023	1,154,534
Effect of shares issued under Debt-to-equity swap (note 12.1.1)	<u>--</u>	<u>4,050</u>
Weighted average number of shares for the year 31 December	<u>1,180,023</u>	<u>1,158,584</u>

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25. SEGMENT REPORTING

The Group has the following three strategic divisions which are its reportable operating segments. These divisions offer different products and/or services and are managed separately as they require different operational and marketing strategies. The Group's Chairman of Board and Group Chief Executive Officer (CEO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the Chief Operating Decision Makers (CODM) for the Group. The following summary describes the operations of each reportable segment.

<u>Reportable segments</u>	<u>Operations</u>
Operating hotels	Includes leasing of rooms, parking facilities and selling food and beverages ("the Hotels").
Commercial centers	Includes operating and leasing of commercial shopping malls ("the Commercial Centers").
Properties for development and sale	Includes construction and development of property and sale of completed dwellings.

Non-current assets of the Group are based in Saudi Arabia.

Information regarding the results of each reportable segment is set out below. Performance is measured based on segment profit before Zakat, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The following table represent the segment information for the year ended 31 December:

<u>Particulars</u>	<i>As at the year ended 31 December 2025</i>					
	<u>Operating hotels</u> SR'000	<u>Commercial centers</u> SR'000	<u>Properties for development and sale</u> SR'000	<u>Total for reportable segments</u> SR'000	<u>Other unallocated amounts</u> SR'000	<u>Consolidated total</u> SR'000
Property, plant and equipment	18,784,911	--	--	18,784,911	1,135,789	19,920,700
Investment properties	--	4,962,650	--	4,962,650	--	4,962,650
Other non-current assets (total)	--	--	--	--	198,791	198,791
Other current assets (total)	615,182	104,507	51,126	770,815	1,020,542	1,791,357
Segment assets	19,400,093	5,067,157	51,126	24,518,376	2,355,122	26,873,498
Segment liabilities	307,554	67,795	10,203	385,552	10,624,318	11,009,870

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. SEGMENT REPORTING (continued)

The statement of profit or loss items for the year ended 31 December 2025 are as follows:

<u>Particulars</u>	<u>Operating hotels</u> SR'000	<u>Commercial centers</u> SR'000	<u>Properties for development and sale</u> SR'000	<u>Total for reportable segments</u> SR'000	<u>Other unallocated amounts</u> SR'000	<u>Consolidated total</u> SR'000
Revenue	1,888,575	213,882	11,400	2,113,857	--	2,113,857
Costs of revenue	(964,389)	(50,824)	(5,600)	(1,020,813)	--	(1,020,813)
Depreciation and amortization	(399,490)	(49,001)	--	(448,491)	--	(448,491)
Segment gross profit	<u>524,696</u>	<u>114,057</u>	<u>5,800</u>	<u>644,553</u>	<u>--</u>	<u>644,553</u>
Depreciation and amortization	--	--	--	--	(11,075)	(11,075)
Impairment (charge) / reversal of financial assets	22,480	(13,416)	(44,539)	(35,475)	23,232	(12,243)
Impairment reversal of non – financial assets	52,093	--	--	52,093	--	52,093
Finance cost	--	--	--	--	(563,886)	(563,886)
Finance income	--	--	--	--	48,517	48,517
Others	--	--	--	--	2,198,912	2,198,912
Segment net profit / (loss) before zakat	<u>599,269</u>	<u>100,641</u>	<u>(38,739)</u>	<u>661,171</u>	<u>1,695,700</u>	<u>2,356,871</u>

As at the year ended 31 December 2024

<u>Particulars</u>	<u>Operating hotels</u> SR'000	<u>Commercial centers</u> SR'000	<u>Properties for development and sale</u> SR'000	<u>Total for reportable segments</u> SR'000	<u>Other unallocated amounts</u> SR'000	<u>Consolidated total</u> SR'000
Property, plant and equipment	19,372,247	--	--	19,372,247	1,621,850	20,994,097
Investment properties	--	3,527,274	--	3,527,274	--	3,527,274
Assets held for sale	--	--	--	--	853,803	853,803
Other non-current assets (total)	--	--	--	--	221,911	221,911
Other current assets (total)	584,598	95,597	40,433	720,628	1,236,774	1,957,402
Segment assets	<u>19,956,845</u>	<u>3,622,871</u>	<u>40,433</u>	<u>23,620,149</u>	<u>3,934,338</u>	<u>27,554,487</u>
Segment liabilities	<u>361,089</u>	<u>39,815</u>	<u>6,895</u>	<u>407,799</u>	<u>13,675,347</u>	<u>14,083,146</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. SEGMENT REPORTING (continued)

The statement of profit or loss items for the year ended 31 December 2024 are as follows:

<u>Particulars</u>	<u>Operating hotels</u> SR'000	<u>Commercial centers</u> SR'000	<u>Properties for development and sale</u> SR'000	<u>Total for reportable segments</u> SR'000	<u>Other unallocated amounts</u> SR'000	<u>Consolidated total</u> SR'000
Revenue	1,610,269	174,254	116,872	1,901,395	--	1,901,395
Costs of revenue	(840,538)	(45,489)	(30,168)	(916,195)	--	(916,195)
Depreciation and amortization	(343,623)	(33,798)	--	(377,421)	--	(377,421)
Segment gross profit	<u>426,108</u>	<u>94,967</u>	<u>86,704</u>	<u>607,779</u>	<u>--</u>	<u>607,779</u>
Depreciation and amortization	--	--	--	--	(12,172)	(12,172)
Impairment (charge) / reversal of financial assets	(16,948)	(55,568)	--	(72,516)	23,232	(49,284)
Impairment charge of non – financial assets	(302,258)	--	--	(302,258)	--	(302,258)
Finance cost	--	--	--	--	(711,852)	(711,852)
Finance income	--	--	--	--	109,004	109,004
Others	(318)	(4,576)	--	(4,894)	587,463	582,569
Segment net profit / (loss) before zakat	<u>106,584</u>	<u>34,823</u>	<u>86,704</u>	<u>228,111</u>	<u>(4,325)</u>	<u>223,786</u>

Revenue from operating business segment is generated from Kingdom of Saudi Arabia only.

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

26.1 The Group's principal financial liabilities comprise loans and borrowings and trade payables and other current liabilities as well as other non-current liabilities. The main purpose of loans and borrowings and trade related liabilities is to finance the Group's operations and future capital expenditure. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in equity instruments.

The Group has exposure to the following risks arising from financial instruments:

- market risk;
- credit risk; and
- liquidity risk

Risk management framework

The Group management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. Audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. The Group is continuously monitoring the evolving scenario and any further change in the risk management policies will be reflected in the future reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, at floating rates of interest, are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are significant. Interest bearing financial assets comprises of Murabaha deposits which are at fixed interest rates.

The interest rate profile of the Group's variable interest-bearing financial instruments as reported to the management of the Group is as follows:

'000 SR	<u>Carrying amount</u>	
	<u>2025</u>	<u>2024</u>
Fixed rate instruments		
Financial assets	927,131	297,297
	927,131	297,297
Variable rate instruments		
Financial liabilities	9,286,962	12,075,373
Effect of interest rate swaps	--	14,459
	9,286,962	12,089,832

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rate on the Group's profit before Zakat, through the impact of floating rate borrowings with all other variables held constant:

	<u>2025</u> SR'000	<u>2024</u> SR'000
Interest rate-increases by 100 basis points	92,870	120,754
Interest rate-decreases by 100 basis points	(92,870)	(120,754)

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and United States Dollars. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from special commission rate risk (also referred to as interest rate risk or commission rate risk) or currency risk, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's exposure to unit price risk arises from investments held by the Group and classified in the consolidated statement of financial position at fair value through profit or loss. The Group closely monitors price in order to manage price risk arising from investments in fund.

The table below summarizes the impact of increases/decreases of the NAV of units on the Group's equity. The analysis is based on the assumption that the NAV of units had increased or decreased by 5% with all other variables held constant, and that all the Group's units moved in line with the market price.

	Impact on profit or loss	
	<u>as at 31 December</u>	
	<u>2025</u>	<u>2024</u>
	SR'000	SR'000
NAV of the units-increases by 5%	12,710	13,440
NAV of the units-decreases by 5%	(12,710)	(13,440)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, leading to a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, restricted cash, credit exposures to customers, including outstanding receivables, accrued rental income and contract assets.

Credit risk is managed on a Group basis. For trade receivables, accrued rental income and contract assets, the credit quality of the customers is assessed taking into account their financial position, past experience and other factors. Individual risk limits are set in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by line management.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2025 and 31 December 2024 is equal to the respective carrying amounts as disclosed in notes 9 and 11.

Cash at banks are currently placed with banks having credit rating from "A" to "A-". Other receivables are considered to have low credit risk. Based on management's impairment assessment, there is no provision required in respect of these balances for all the years presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Credit risk (continued)

For trade receivables, accrued rental income and contract assets, the Group applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables, accrued rental income and contract assets based on a provision matrix. To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due. Further, the expected credit losses also incorporate forward-looking information.

Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals and services to tenants in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored.

The following table provides information about the exposure to credit risk and ECL for receivables, contract assets, accrued rental income, term deposits, and cash and cash equivalents:

		More than 1-30 days past due	More than 31-90 days past due	More than 91-180 days past due	More than 181- 360 days past due	More than 360 days past due	Total
31 December 2025	Current SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Expected loss rate	0.06%	1.42%	2.01%	9.77%	26.10%	66.08%	4.19%
Gross carrying amount	<u>1,421,069</u>	<u>33,794</u>	<u>45,794</u>	<u>14,819</u>	<u>19,417</u>	<u>89,685</u>	<u>1,624,578</u>
Loss allowance	<u>913</u>	<u>479</u>	<u>919</u>	<u>1,448</u>	<u>5,068</u>	<u>59,262</u>	<u>68,089</u>
		More than 1- 30 days past due	More than 31-90 days past due	More than 91-180 days past due	More than 181-360 days past due	More than 360 days past due	Total
31 December 2024	Current SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Expected loss rate	1.52%	1.90%	2.45%	12.29%	44.95%	74.64%	5.21%
Gross carrying amount	<u>1,579,158</u>	<u>59,821</u>	<u>61,221</u>	<u>30,315</u>	<u>15,674</u>	<u>77,221</u>	<u>1,823,410</u>
Loss allowance	<u>23,995</u>	<u>1,134</u>	<u>1,498</u>	<u>3,725</u>	<u>7,046</u>	<u>57,636</u>	<u>95,034</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group.

Expected maturity of undiscounted cash flows of financial liabilities are as follows:

	<u>Carrying values</u> SR'000	<u>Gross undiscounted value</u> SR'000	<u>up to 1 year</u> SR'000	<u>1 - 2 years</u> SR'000	<u>2- 5 years</u> SR'000	<u>More than 5 years</u> SR'000
31 December 2025						
Loans and borrowings	9,315,904	12,495,794	1,104,484	1,032,280	7,501,938	2,857,092
Trade payable and other current liabilities	395,625	395,625	395,625	--	--	--
Other non-current liabilities	722,053	1,087,333	--	103,237	200,070	784,026
	<u>10,433,582</u>	<u>13,978,752</u>	<u>1,500,109</u>	<u>1,135,517</u>	<u>7,702,008</u>	<u>3,641,118</u>
31 December 2024						
Loans and borrowings	12,109,492	15,949,435	1,812,890	1,498,717	3,873,724	8,764,104
Trade payable and other current liabilities	449,427	449,427	449,427	--	--	--
Other non-current liabilities	787,568	1,191,259	--	112,253	229,005	850,001
	<u>13,346,487</u>	<u>17,590,121</u>	<u>2,262,317</u>	<u>1,610,970</u>	<u>4,102,729</u>	<u>9,614,105</u>

Liquidity risk is managed by monitoring on a regular basis that sufficient funds, and banking and other credit facilities are available to meet the Group's future commitments. Refer to note 13 for unused credit facilities and note 9 for closing cash position of the Group.

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintain a strong base to maintain investor and creditor confidence and to sustain future development of the business; to provide returns for shareholders; and to optimize the capital structure to reduce cost of capital. The capital structure includes all components of shareholders' equity totaling SR 15,864 million at 31 December 2025 (2024: SR 13,471 million). The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Liquidity risk (continued)

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom at all times on its undrawn committed borrowing facilities so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Management is monitoring the cash capital position of the Company and is the process of considering the overall capital structure.

The Group monitors capital based on the gearing ratio. This ratio is calculated based on the net debt divided by total capital.

	<u>2025</u> SR'000	<u>2024</u> SR'000
Borrowings	9,315,904	12,109,492
Less: cash and cash equivalents	(1,184,438)	(595,655)
Less: restricted cash	(154,140)	(291,442)
Net debt (A)	<u>7,977,326</u>	11,222,395
Shareholders' equity (B)	<u>15,863,628</u>	13,471,341
Total capital (A+B)	<u>23,840,954</u>	24,693,736
Gearing ratio (A / (A+B))	<u>0.33</u>	0.45

(a) Net debt reconciliation

	Cash and cash equivalents (excluding <u>restricted cash</u>) SR'000	<u>Restricted cash</u> SR'000	Loans and <u>Borrowings</u> SR'000	<u>Total</u> SR'000
1 January 2024	298,848	406,546	(11,726,510)	(11,021,116)
Finance cost / others	--	--	(972,665)	(972,665)
Finance cost paid	--	--	974,473	974,473
Cash flows, net	<u>296,807</u>	<u>(115,104)</u>	<u>(384,790)</u>	<u>(203,087)</u>
31 December 2024	595,655	291,442	(12,109,492)	(11,222,395)
Finance cost / others	--	--	(741,453)	(741,453)
Finance cost paid	--	--	636,386	636,386
Cash flows, net	<u>588,783</u>	<u>(137,302)</u>	<u>2,898,655</u>	<u>3,350,136</u>
31 December 2025	<u>1,184,438</u>	<u>154,140</u>	<u>(9,315,904)</u>	<u>(7,977,326)</u>

26.2 Fair value measurement of financial instruments

Recognized fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

26.2 Fair value measurement of financial instruments (continued)

Recognized fair value measurements (continued)

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. As at 31 December 2025 and 31 December 2024, the fair values of the Group's financial instruments carried at amortized costs are estimated to approximate their carrying values.

Fair value hierarchy

	For the year ended 31 December 2025					
	Amortized					
	<u>FVTPL</u>	<u>Cost</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<u>Financial assets</u>						
Cash and cash equivalents	--	1,184,438	--	--	--	--
Restricted cash	--	154,140	--	--	--	--
Trade and other receivables	--	239,090	--	--	--	--
Other assets	--	26,531	--	--	--	--
Financial investments	254,214	20,379	254,214	--	--	254,214
	254,214	1,624,578	254,214	--	--	254,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

26.2 Fair value measurement of financial instruments (continued)

Fair value hierarchy (continued)

	For the year ended 31 December 2024					
	Amortized		Total	Level 1	Level 2	Level 3
	FVTPL	Cost				
SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	
<u>Financial assets</u>						
Cash and cash equivalents	--	595,655	--	--	--	--
Restricted cash	--	291,442	--	--	--	--
Trade and other receivables	--	920,747	--	--	--	--
Other assets	--	15,566	--	--	--	--
Financial investments	268,816	--	268,816	--	--	268,816
	<u>268,816</u>	<u>1,823,410</u>	<u>268,816</u>	<u>--</u>	<u>--</u>	<u>268,816</u>

There are no transfers in the fair value levels during the year ended 31 December 2025.

Financial assets at FVTPL comprise investments in funds. The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

<u>Type</u>	<u>Valuation technique</u>
Funds investment in non-public funds	Indicative NAV of the Fund based on the fair value of the underlying assets of the Fund

Fair value measurements using significant unobservable inputs (level 3)

	<u>2025</u>	<u>2024</u>
	SR'000	SR'000
Opening balance	268,816	267,259
(Loss) / gain recognised in profit or loss (note 8)	(14,602)	1,557
Closing balance	<u>254,214</u>	<u>268,816</u>

Valuation process

In line with the Group's reporting dates, the Group determines fair value of the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. Refer note 8 for details on main level 3 inputs used by the Group.

27. COMMITMENTS AND CONTINGENCIES

- As at 31 December 2025, the outstanding capital commitments in respect of development of the Project amounted to SR 1,077 million (2024: SR 1,490 million).
- Refer note 17 for Zakat related contingencies.
- As of 31 December 2025, the Group is a defendant in various legal cases amounting to SR 68 million, in respect of which, based on the advice of Group's legal counsel, management believes that foregoing legal cases are expected to be successfully defended. However, due to inherent uncertainty, the likelihood of an outflow of economic resources is considered to be possible but not remote or probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SUBSEQUENT EVENTS

The recent geopolitical tensions have triggered uncertainties in the region. As the situation remains volatile, the Group continues to monitor developments closely to identify potential impacts and implement appropriate contingency measures to support its operations where deemed necessary such as but not limited to monitoring of occupancies, enhanced marketing, cost and liquidity management protocols. Based on the prevailing facts and circumstances and Group's current assessment thereon, the effect of the situation on the Group, particularly core revenues and valuation of assets has not been identified to be significant at the moment.

For the financial statements for the year ended 31 December 2025, these developments are considered non-adjusting events. Due to the evolving nature of the situation, any potential financial impact on the Company cannot be reliably estimated at the moment.

Furthermore, except for the matter disclosed in note 13(c), there have been no other significant subsequent events since the year ended 31 December 2025 which would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.

29. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved and authorized to issue by the Board of Directors on 4 March 2026, corresponding to 15 Ramadan 1447h.