

**KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INDEPENDENT AUDITOR'S REVIEW REPORT AND
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2025**

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INDEPENDENT AUDITOR'S REVIEW REPORT AND
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Table of contents	Page
Independent auditor's review report	1
Interim condensed consolidated statement of financial position	2 – 3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6 – 7
Notes to the interim condensed consolidated financial statements	8 – 26

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Knowledge Economic City Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2025, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2025, interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of the persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing ("ISAs") as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other matter

The Group's consolidated financial statements for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified audit opinion on those consolidated financial statements on 23 March 2025 (corresponding to 23 Ramadan 1446H). Further, the interim condensed consolidated financial statements for the three-month and nine-month periods ended 30 September 2024 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on and 10 November 2024 (corresponding to 8 Jumada al-Ula 1446H).

for Ernst and Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

Jeddah: 25 Jumada Al-Ula 1447H
(16 November 2025G)



**KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

	<i>Note</i>	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		49,704,570	47,694,191
Investment properties and properties under development	4	4,679,433,590	4,130,441,705
Intangible assets		861,318	873,329
Derivative financial instrument	15	9,983,853	18,647,173
Trade receivables – unbilled	6	17,615,478	28,319,094
Investments held at amortised cost	7	124,232,675	124,772,392
TOTAL NON-CURRENT ASSETS		4,881,831,484	4,350,747,884
CURRENT ASSETS			
Development properties	5	95,068,913	100,099,137
Trade receivables	6	52,068,159	72,844,562
Contract assets	8	104,296,407	38,808,264
Prepayments and other current assets	9	95,224,871	72,385,740
Cash and bank balances	10	146,857,599	103,966,133
TOTAL CURRENT ASSETS		493,515,949	388,103,836
TOTAL ASSETS		5,375,347,433	4,738,851,720
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	3,393,000,000	3,393,000,000
Cashflow hedge reserve	15	(1,458,103)	2,978,826
Accumulated losses		(432,943,732)	(406,237,194)
Equity attributable to equity holders of the Parent Company		2,958,598,165	2,989,741,632
Non-controlling interests		95,611,012	93,048,272
TOTAL EQUITY		3,054,209,177	3,082,789,904

The attached notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

As at 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)


	<i>Note</i>	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings	12	1,947,411,372	1,352,308,442
Employee benefit obligation		17,052,152	17,476,947
Payable to other unitholders of the fund	14	69,410,000	56,815,000
TOTAL NON-CURRENT LIABILITIES		2,033,873,524	1,426,600,389
CURRENT LIABILITIES			
Short-term borrowing	13	15,000,000	15,000,000
Current portion of long-term borrowings	12	77,748,554	76,322,070
Contract liabilities	8	-	51,014
Trade payables		10,257,839	5,944,217
Accruals and other current liabilities	16	179,179,472	125,068,911
Zakat	18	5,078,867	7,075,215
TOTAL CURRENT LIABILITIES		287,264,732	229,461,427
TOTAL LIABILITIES		2,321,138,256	1,656,061,816
TOTAL EQUITY AND LIABILITIES		5,375,347,433	4,738,851,720



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the three-month and nine-month periods ended 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

	Note	For the three-month period ended 30 September		For the Nine-month period ended 30 September	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Continuing operations					
Revenue	17	123,329,945	34,857,052	235,786,746	45,968,124
Cost of revenue		(71,637,504)	(28,434,211)	(162,138,324)	(36,170,103)
Gross profit		51,692,441	6,422,841	73,648,422	9,798,021
Selling and marketing expenses		(8,446,545)	(7,733,993)	(30,414,213)	(22,614,414)
General and administrative expenses		(17,841,815)	(14,354,551)	(52,574,097)	(40,731,976)
Other income		2,360,385	5,147,513	3,388,906	9,688,820
Other expenses		(26,599)	(2,081,883)	(12,841,670)	(2,199,999)
Operating profit / (loss)		27,737,867	(12,600,073)	(18,792,652)	(46,059,548)
Finance income	7	560,934	539,718	1,640,367	1,619,138
Finance cost		-	-	-	(45,683)
Profit / (loss) before zakat		28,298,801	(12,060,355)	(17,152,285)	(44,486,093)
Zakat (expense) / reversal	18	(244,159)	3,065,244	(6,991,513)	(3,400,130)
Profit / (loss) for the period		28,054,642	(8,995,111)	(24,143,798)	(47,886,223)
Other comprehensive income / (loss)					
<i>Items that may be reclassified to profit or loss:</i>					
Derivative financial instrument – effective portion of changes in fair value of cash flow hedge	15	702,919	(10,618,962)	(4,436,929)	980,424
Total comprehensive income / (loss) for the period		28,757,561	(19,614,073)	(28,580,727)	(46,905,799)
Profit / (loss) for the period attributable to:					
Equity holders of the Parent		28,238,513	(8,925,261)	(26,706,538)	(47,621,073)
Non-controlling interests		(183,871)	(69,850)	2,562,740	(265,150)
		28,054,642	(8,995,111)	(24,143,798)	(47,886,223)
Total comprehensive income / (loss) for the period attributable to:					
Equity holders of the Parent		28,941,433	(19,544,223)	(31,143,467)	(46,640,649)
Non-controlling interests		(183,872)	(69,850)	2,562,740	(265,150)
		28,757,561	(19,614,073)	(28,580,727)	(46,905,799)
Earnings / (loss) per share attributable to equity holders of the Parent Company:					
Basic and diluted loss per share (In SR)	19	0.083	(0.026)	(0.079)	(0.140)


Chief Financial Officer


Chief Executive Officer


Chairman of Board of Directors

The attached notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in Saudi Riyal unless otherwise stated)

Chairman of Board of Directors

5

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2025 (Unaudited)
(Amounts in Saudi Riyal unless otherwise stated)

	<i>Note</i>	<i>For the nine month period ended 30 September 2025 (Unaudited)</i>	<i>30 September 2024 (Unaudited)</i>
OPERATING ACTIVITIES			
Loss before zakat		(17,152,285)	(44,486,093)
<i>Adjustments to reconcile loss before zakat to net cash flows:</i>			
Depreciation of property and equipment		2,060,986	1,839,170
Depreciation of right-of-use assets		-	463,980
Amortization of intangible assets		161,413	63,292
Provision for employee benefit obligation		3,184,104	2,025,723
Revaluation of payable to other unitholders of the fund	14	12,595,000	(330,000)
Fair value loss on derivative financial instrument	15	4,226,391	1,015,120
Finance cost for lease liabilities		-	45,683
Finance income	7	(1,640,367)	(1,619,138)
		<u>3,435,242</u>	<u>(40,982,263)</u>
<i>Working capital adjustments:</i>			
Development properties		9,297,316	(26,875,439)
Restricted cash		(26,660,565)	(50,333,401)
Trade receivables		31,480,019	14,118,907
Contract assets		(65,488,143)	(25,120,528)
Prepayments and other current assets		(22,839,131)	(41,286,037)
Trade payable		4,313,622	(973,418)
Accruals and other current liabilities		47,069,185	95,837,102
Contract liabilities		(51,014)	-
		<u>(19,443,469)</u>	<u>(75,615,077)</u>
Cash used in operations		(19,443,469)	(75,615,077)
Zakat paid	18	(8,987,861)	(7,112,045)
Zakat refund		-	3,065,244
Employee benefit obligation paid		(3,608,899)	(633,608)
Repayment of interest on borrowings		(89,099,350)	(47,094,006)
		<u>(121,139,579)</u>	<u>(127,389,492)</u>
Net cash flows used in operating activities			
INVESTING ACTIVITIES			
Finance income received	7	2,180,084	2,158,853
Additions to investment properties and properties under development	4	(459,655,961)	(483,583,814)
Additions to property and equipment		(4,071,365)	(3,023,486)
Additions to intangible asset		(149,402)	(56,300)
		<u>(461,696,644)</u>	<u>(484,504,747)</u>
Net cash flows used in investing activities			

The attached notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the nine month period ended 30 September 2025 (Unaudited)
(Amounts in Saudi Riyal unless otherwise stated)

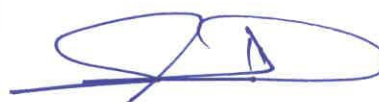
		<i>For the nine month period ended</i>	
	<i>Note</i>	<i>30 September 2025</i>	<i>30 September 2024</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
FINANCING ACTIVITIES			
Proceeds from borrowings	12	599,067,124	648,505,248
Payment of principal portion of lease liabilities		-	(2,586,191)
Net cash flows from financing activities		599,067,124	645,919,057
Net increase in cash and cash equivalents		16,230,901	34,024,818
Cash and cash equivalents at the beginning of the period		70,648,684	35,459,591
Cash and cash equivalents at the end of the period	10	86,879,585	69,484,409
<u>SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION</u>			
Additions in investment properties through accrued expenses	4	33,650,405	42,913,161
Capitalisation of investment properties through accrued borrowing costs	12	27,748,554	13,430,320
Transfer of land from investment properties to development properties		4,267,092	-



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The attached notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

1 CORPORATE INFORMATION

Knowledge Economic City Company (“KEC”, “the Parent Company” or “the Company”) and its subsidiaries (collectively “the Group”) consist of the Company and its Saudi Arabian subsidiaries listed below. The Group is engaged in developing real estate, economic cities and other development projects including infrastructure, telecommunication networks, electricity plants, water treatment plant and other works related to developing economic cities in the Kingdom of Saudi Arabia. The Company owns land parcels in Madinah Al-Munawarah and is the lead developer for transforming such land parcels into an economic city.

The Parent Company is a Saudi joint stock company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce resolution number 256/Q dated 15 Sha’ban 1431H (corresponding to 27 July 2010) and registered under Unified Identification Number 7001643431 and Commercial Registration Number 4650071196 issued in Madinah Al Munawarah dated 23 Sha’ban 1431H (corresponding to 4 August 2010). The Company's shares are listed on the Saudi Stock Exchange Tadawul.

The registered address of the Company is located at Diwan Al Merefah, King Abdulaziz Road, P. O. Box 43033, Madinah Al Munawarah, 41561, Kingdom of Saudi Arabia.

The following are the shareholders of the Group:

<i>Name</i>	<i>Place of incorporation</i>	<i>Ownership %</i>	
		<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
King Abdullah bin Abdulaziz Foundation for Developmental Housing Dedicated to His Parents	Saudi Arabia	29.47%	29.47%
Knowledge Economic City Developers Company Limited	Saudi Arabia	24.46%	24.46%
Taybah Investment Company	Saudi Arabia	9.60%	9.60%
Amin Mohammad Amin Shaker	-	7.71%	7.71%
Free float with general public	-	28.76%	28.76%

As at 30 September 2025 and 31 December 2024, the Company’s share capital of SR 3,393 million consists of 339.3 million fully paid shares of Saudi Riyals 10 each.

These interim condensed consolidated financial statements include the accounts of the Company and its following subsidiaries operating under individual commercial registrations.

<i>Name of subsidiaries</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Paid up capital</i>	<i>Effective ownership</i>	
				<i>30 September 2025</i>	<i>31 December 2024</i>
Mounshaat Al Maarifa Al Akaria Company Limited (“Mounshaat”)	Kingdom of Saudi Arabia	Real estate development	1,000,000	100%	100%
Mashariaa Al Maarifa Al Akaria Company Limited (“Mashariaa”)	Kingdom of Saudi Arabia	Real estate development	633,000,000	100%	100%
Al Garra International Company for Real Estate (“Al Garra”)	Kingdom of Saudi Arabia	Real estate development	467,765,000	80%	80%
Al Maarifa Al Akaria Company Limited (“Amaak”)	Kingdom of Saudi Arabia	Real estate, investment and management	10,000,000	100%	100%
Makarem Al Maarifa for Hospitality Company Limited (“Makarem”) (See a and d below)	Kingdom of Saudi Arabia	Real estate Development	56,400,000	100%	100%
Riyad Real Estate Development Fund (“Madinah Gate Fund”)	Kingdom of Saudi Arabia	Real estate development	220,000,000	68.82%	68.82%

KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

1 CORPORATE INFORMATION (Continued)

- a. During the nine month period ended 30 September 2025, the Group signed a contract with a local contractor company to execute the finishing and interior design works for the Hilton Hotel Tower and the Branded Residences Tower of the KEC HUB Project.
- b. During the nine month period ended 30 September 2025, the Parent Company signed an agreement with KEC Raseel Real Estate Development Fund ("KEC Raseel Fund"). As per the agreement, KEC will transfer the legal ownership and rights of a land to Raseel in exchange of units in KEC Raseel Fund equivalent to the value of the land transferred as of delivery date. As of the issuance of these interim condensed consolidated financial statements, the legal title of the land has not been transferred. Accordingly, there were no financial implications as at 30 September 2025.
- c. During the nine month period ended 30 September 2025, the Parent Company signed a development and leasing contract for educational complex in the Knowledge Economic City with Riyadh Schools Holding Company - a subsidiary of Mohammed bin Salman Non-Profit Foundation (MiSK Foundation). Riyadh Schools Holding Company will enter into a development and lease agreement for an educational complex within the Knowledge Economic City in Madinah, for a period of 25 years. Under this agreement, KEC will develop an integrated educational complex and lease it to Riyadh Schools Holding Company. As at 30 September 2025, there were no financial implications.
- d. During the year ended 31 December 2024, the Group signed a contract through its subsidiary "Makarem Al Maarifa for Hospitality Company Limited" ("Makarem") with a consortium of three local and international companies (the "Consortium") to build a chilled water District Cooling plant for KEC HUB project. As of 30 September 2025, there were no financial implications from this contract as no work has begun and the construction is expected to start after the completion of KEC HUB project.

Mounshaat and Mashariaa have not commenced their operations as at 30 September 2025.

Going concern assumption

During the nine month period ended 30 September 2025, the Group incurred a total comprehensive loss amounting to SR 28.58 million (30 September 2024: SR 46.91 million and 31 December 2024: SR 14.08 million) and reported negative operating cashflows during the same period amounting SR 121.1 million (30 September 2024: SR 127.4 million). In addition, the Group has accumulated losses amounting to SR 432.94 million as at 30 September 2025 (31 December 2024: SR 406.24 million). As at 30 September 2025, the Group current assets exceed its current liabilities by SR 206.25 million (31 December 2024: SR 158.6 million) and has a positive net equity amounting SR 3,054.21 million (31 December 2024: SR 3,082.79 million). Further, as at 30 September 2025, the Group has loan facilities amounting to SR 2,546 million (31 December 2024: SR 1,820 million) to finance the Group for the cost of developing their projects and operations details of which is disclosed in note 12. The unused facilities of the Group amounted to SR 512 million (31 December 2024: SR 396.9 million). Accordingly, the Group's management believes that they have enough resources to continue the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements are continued to be prepared on the going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements for the nine month period ended 30 September 2025 have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

2 BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standard that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organisation for Chartered and Professional Accountants (SOCPA), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024 (latest annual consolidated financial statements). In addition, results for the nine month period ended 30 September 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2025 as mentioned in note 1. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to risks, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.3 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern assumption, except for derivative financial instrument, which is carried at fair value.

2.4 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional and presentation currency.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgements made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2024. Any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

2.6 Material Accounting Policy Information

The accounting policies adopted, and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied in the Group's annual consolidated financial statement as at and for the year ended 31 December 2024 except for the adoption of new standards as disclosed in note 3 effective as of 1 January 2025. The Group has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment applies for the first time in 2025 (as detailed below), but do not have any material impact on the interim condensed consolidated financial statements of the Group.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP
(Continued)**

Lack of exchangeability – Amendments to IAS 21

The amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendment is effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendment, an entity cannot restate comparative information. The amendment did not have a material impact on the Group's interim condensed consolidated financial statements.

4 INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

The Group's investment properties consist of properties in Madinah, Kingdom of Saudi Arabia. The balances are split into these categories as follows:

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Investment properties	3,036,754,390	2,683,961,630
Properties under development	1,642,679,200	1,446,480,075
	<u>4,679,433,590</u>	<u>4,130,441,705</u>

The movement of investment properties and properties under development during the period / year is summarised as follows;

	<i>For the nine month period ended 30 September 2025 (Unaudited)</i>	<i>For the year ended 31 December 2024 (Audited)</i>
At the beginning of the period / year	4,130,441,705	3,433,577,742
Additions*	553,258,977	708,939,556
Transferred to development properties	(4,267,092)	(12,075,593)
At the end of the period / year	<u>4,679,433,590</u>	<u>4,130,441,705</u>

*Additions during the period include cash additions amounting to SR 460 million (30 September 2024: SR 484 million).

The Group determined that the investment properties consist of land and infrastructure cost amounting to SR 1,128 million (31 December 2024: SR 1,132 million) and infrastructure cost amounting to SR 1,909 million (31 December 2024: SR 1,552 million) respectively. Properties under development amounting to SR 1,642 million (31 December 2024: SR 1,446 million) based on the nature, characteristics, and risks of each property. The fair value of the Group's investment properties as at 31 December 2024 was valued at SR 12,800 million by independent professionally qualified valuers named Century21 Saudi Arabia ("Century21") using both the market comparable approach and the residual value approach. There were no significant changes in key assumptions and sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2024 that would require adjustment or revaluation to the fair value of the investment properties as at 30 September 2025.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

4 INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT (continued)

During the nine month period ended 30 September 2025, an amount of SR 86.96 million (31 December 2024: SR 70.5 million) was capitalised as borrowing cost and SR 0.95 million (31 December 2024: SR 1.6 million) was capitalised as amortization of transaction cost in the construction. Accordingly, total cumulative borrowing cost capitalised to date in the investment properties and properties under development is amounting to SR 182.6 million (31 December 2024: SR 114.3 million).

As at 30 September 2025, the Group's investment properties and properties under development related to land plots of the project "KEC Hub" amounting to SR 221 million (31 December 2024: SR 221 million) were mortgaged as collateral to the Saudi Tourism Development Fund and a local bank (Refer note 12).

As at 30 September 2025, the Group's properties under development related to land plots of the projects "Branded Residence" amounting to SR 31 million (31 December 2024: SR 31 million) was mortgaged as collateral to a local commercial bank (Refer note 12).

As at 30 September 2025, the Group's investment properties related to land plots of the Parent Company amounting to SR 122 million (31 December 2024: SR 122 million) were mortgaged as collateral against loan from a local commercial bank (Refer note 12).

As at 30 September 2025, the Group's investment properties and properties under development related to land plots of the project "Madinah Gate Fund" amounting to SR 68 million (31 December 2024: SR 68 million) were mortgaged as collateral to a local commercial bank (Refer note 12).

As at 30 September 2025, the Group's investment properties related to land plots of the Parent Company amounting to SR 98.11 million (31 December 2024: Nil) and SR 73 million (31 December 2024: Nil) were mortgaged as collateral to local commercial banks against corporate loan (Refer note 12).

5 DEVELOPMENT PROPERTIES

The balances are split into these categories as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Parcels of land	44,325,664	44,325,664
Properties under development	50,743,249	55,773,473
	95,068,913	100,099,137

The movement of development properties during the period / year is summarised as follows;

	For the nine month period ended 30 September 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
At the beginning of the period/ year	100,099,137	59,952,189
Additions	144,092,601	108,826,382
Transferred from investment properties	4,267,092	12,075,593
Transfer to cost of revenue	(153,389,917)	(80,755,027)
At the end of the period/ year	95,068,913	100,099,137

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

5 DEVELOPMENT PROPERTIES (Continued)

As at 30 September 2025, the Group's development properties related to land plots of the "Aliya project" amounting to SR 24 million (31 December 2024: SR 16 million) were mortgaged as collateral with a local commercial bank (Refer note 12).

6 TRADE RECEIVABLES

Trade receivables

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Trade customers for sale of residential units	33,524,517	15,201,136
Trade customers for sale of land parcels	-	34,375,057
Trade customers for services	7,713,855	5,723,690
Less: impairment of financial assets	(3,189,003)	(3,189,003)
	38,049,369	52,110,880
Current portion of trade receivables – Unbilled	14,018,790	20,733,682
	52,068,159	72,844,562

Trade receivables – Unbilled

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Trade customers for sale of residential units	31,634,268	49,052,776
Less: current portion	(14,018,790)	(20,733,682)
Trade customers for sale of residential units (non-current)	17,615,478	28,319,094

The Group accounted for significant financing component for all residential contracts discounted at a rate of 5% that reflects the financing component in contracts between the Group and the customers.

7 INVESTMENTS HELD AT AMORTISED COST

During the year ended 31 December 2020, the Group invested in Saudi Government Sukuk denominated in SR amounting to SR 124.7 million with original maturity of 7 years. This placement yields finance income at coupon rate of 1.73% per annum amounting to SR 2.2 million per annum. The Company has recorded finance income of SR 1.6 million during the nine month period ended 30 September 2025 (30 September 2024: SR 1.6 million).

As at 30 September 2025, the Group's investments held at amortised cost were mortgaged as collateral to a local commercial Bank (Refer note 12).

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

8 CONTRACT ASSETS AND CONTRACT LIABILITIES

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Contract assets	<u>104,296,407</u>	<u>38,808,264</u>
Contract liabilities	<u>-</u>	<u>51,014</u>

9 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Value Added Tax ("VAT") refundable	84,822,265	67,014,589
Advances to suppliers	6,859,946	4,603,384
Prepayments	2,027,395	20,000
Advances to employees	1,494,048	747,767
Others	21,217	-
	<u>95,224,871</u>	<u>72,385,740</u>

10 CASH AND BANK BALANCES

The Group is required to maintain escrow accounts for off plan sales of development properties as authorised by the Economic Cities and Special Zones Authorities (ECZA). Use of this cash is restricted to the specific development properties to which the cash receipts relate and, hence it is considered as cash and cash equivalents. The balance as at 30 September 2025 is amounting to SR 59.98 million (31 December 2024: SR 33.32 million).

Reconciliation to consolidated statement of cash flows:

The figures below reconcile to the amount of cash shown in the interim condensed consolidated statement of cash flows at the end of the financial year as follows:

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Unaudited)</i>
Cash and bank balances	141,710,599	103,966,133
Murabaha deposits with original maturity less than three months	5,147,000	-
Less: restricted cash	(59,978,014)	(33,317,449)
Cash and cash equivalents per consolidated statement of cashflows	<u>86,879,585</u>	<u>70,648,684</u>

11 RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent the shareholders, board of directors and key management personnel of the Parent Company, and entities controlled by such parties and the Parent Company. The significant transactions between the Group and its board of directors are disclosed below. The pricing terms and conditions of the transactions are agreed by the management of the Group and approved by the board of directors of the Parent Company.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

11 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

11.1 Related party transactions

	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from sale of residential units	<u>9,049,565</u>	<u>6,652,298</u>	<u>19,392,763</u>	<u>6,652,298</u>

During the nine month period ended 30 September 2025, the Parent Company sold residential units on payment plan to a board member and a key management personnel at the approved price and related revenue and cost is accounted for in the interim condensed consolidated statement of comprehensive income. Further, all transactions within the Group are eliminated for consolidation purposes.

11.2 Balances due to related parties presented under accruals and other current liabilities

	<i>30 September</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Board of Directors' remuneration	<u>4,113,704</u>	<u>4,255,190</u>

11.3 Key management compensation

	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Board of Directors' remuneration and related expenses	1,015,149	1,332,299	3,071,449	3,175,448
Remuneration to the key management personnel	2,295,280	3,364,656	7,983,731	9,880,589
Employee benefit obligation of key management personnel	<u>171,169</u>	<u>177,676</u>	<u>409,480</u>	<u>512,459</u>

The amounts disclosed above table are recognised as an expense during the Three month and nine month periods ended 30 September 2025 related to key management personnel.

12 LONG-TERM BORROWINGS

	<i>30 September</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Murabaha facilities	2,009,007,839	1,405,811,258
Accrued interest	27,748,554	30,286,264
Less: unamortized transaction costs	<u>(11,596,467)</u>	<u>(7,467,010)</u>
	<u>2,025,159,926</u>	<u>1,428,630,512</u>

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

12 LONG-TERM BORROWINGS (continued)

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Borrowings are presented as follows:		
Current portion of long-term borrowings	77,748,554	76,322,070
Non-current portion of long-term borrowings	1,947,411,372	1,352,308,442
Long-term borrowings	<u>2,025,159,926</u>	<u>1,428,630,512</u>

Movements in unamortised transaction costs are summarised as follows:

	<i>For the nine month period ended 30 September 2025 (Unaudited)</i>	<i>For the year ended 31 December 2024 (Audited)</i>
Opening balance	7,467,010	8,155,207
Transaction cost paid	6,688,500	470,000
Less: capitalised amortization	<u>(2,559,043)</u>	<u>(1,158,197)</u>
	<u>11,596,467</u>	<u>7,467,010</u>

During the year ended 31 December 2021, the Group signed a shariah-compliant agreement with the Saudi Tourism Development Fund ("TDF") and a local commercial bank (the "agreement") to provide financing facility to an extent of Saudi Riyal 782 million for development execution of the KEC Hub project. According to the agreement, the TDF and a local commercial bank will provide financing to the Group for the cost of developing the first phase of the KEC Hub project. These facilities are principally secured by corporate guarantees provided by the Group and provided collateral in the form of plots of land from the Group's land portfolio (refer to note 4).

During the year ended 31 December 2022, the Group has drawn facilities from TDF and a local commercial bank amounting to SR 112.5 million, each, with total drawn facilities of SR of 225 million. During the year ended 31 December 2023, the Group had drawn facilities from TDF and a local commercial bank amounting to SR 102.5 million, each, with total drawn facilities of SR of 205 million. During the year ended 31 December 2024, the Group has drawn additional facilities from TDF and a local commercial bank amounting to SR 145 million, each, with total drawn facilities of SR of 290 million. The unused balance of this facility as of 31 December 2024 amounted to SR 62 million. During the period ended 30 September 2025, the Group has drawn additional facilities from TDF and a local commercial bank amounting to SR 31 million each with total drawn facilities of SR of 62 million.

The facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period range from 7.62% to 8.04%. The facilities are repayable in semi-annual instalments, commencing after six months grace period from the earlier of project completion date or 3 years from 31 December 2021.

During the year ended 31 December 2022, the Company has signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 56 million for execution of the project E-16. During the year ended 31 December 2023, the Company drawn SR 26 million from this facility. During the year ended 31 December 2024, the Company drawn SR 30 million from this facility. These facilities are denominated in SR and bear financial charges based on current market interest rates during the period are ranging from 6.78 to 7.7%.

KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

12 LONG-TERM BORROWINGS (continued)

During the year ended 31 December 2022, the Company also signed a shariah-compliant agreement with a local commercial bank to provide the financing facility amounting to SR 100 million. During the year ended December 2024, the Company drawn SR 45 million from this facility. The Group provided collateral in the form of investment in Saudi Government SAR Sukuk to a local commercial bank. During the period ended 30 September 2025, the said facility amount increased to SR 124.79 million. During the same period, the company drawn SR 65 million. These facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period range from 6.09% to 6.38%. The unused balance of this facility as of 30 September 2025 amounted to SR 14.79 million.

During the year ended 31 December 2023, the Group signed a shariah-compliant agreement with a local commercial bank to provide total financing amounting to SR 143 million including SR 98 million for execution of the branded residence project and SR 20 million for Profit Rate Swap (PRS), and SR 25 million as a short-term borrowing facility (see note 13). During the year ended 31 December 2023 and 2024, the Company has drawn SR 7 million and SR 25 million respectively for execution of the branded residence project as a long-term borrowings. During the period ended 30 September 2025, the Company has drawn SR 25 million for execution of the branded residence project as a long-term borrowings and PRS facility remains unutilized as at 30 September 2025. These facilities are denominated in SR and bear financial charges based on prevailing market rates.

The Group provided collateral in the form of plots of land from the Group's land portfolio (see note 4) and promissory notes. The overall current market interest rates during the period range from 6.62 % to 7.64 %. The unused balance of this facility as of 30 September 2025 amounted to SR 71 million.

During the year ended 31 December 2023, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 320 million for execution of the Madinah Gate Project. These facilities are denominated in SR and bear financial charges based on prevailing market rates. During the year ended 31 December 2023, the Group has drawn SR 37.8 million from this facility. During the year ended 31 December 2024, the Group has drawn SR 151 million from this facility. During the period ended 30 September 2025, the Group has drawn SR 25 million from this facility. The Group provided collateral in the form of a plot of land from the Group's land portfolio (see note 4). The overall current market interest rates during the period are ranging from 7.80% to 8.63%. The unused balance of this facility as of 31 December 2024 amounted to SR 62 million.

During the year ended 31 December 2023, the Group signed shariah-compliant agreements with a local commercial bank to provide financing total amounting to SR 417.04 million including SR 94 million for execution of the Al Aliyaa project, SR 23.04 million for Profit Rate Swap (PRS), and SR 300 million for corporate loan. During the year ended 31 December 2024, the Company had drawn a total amount of SR 364 million which consists of corporate loan for Aliya project amounting to SR 270 million and SR 94 million respectively as a long-term borrowing. During the period ended 30 September 2025, the Company has drawn an amount of SR 20 million of corporate loan. These facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period is 6.90%. The Group provided collateral in the form of plots of land from the Group's land portfolio (see note 4) and promissory notes. The unused balance of this facility as of 30 September 2025 amounted to SR 33 million.

During the year ended 31 December 2024, the Company signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 150 million for general corporate loan. During the period ended 30 September 2025, the Company has drawn SR 120 million from this facility. This facility are denominated in SR and bear financial charges based on current market interest rates during the period are ranging from 6.57% to 7.30%. The unused balance of this facility as of 30 September 2025 amounted to SR 30 million.

During the nine month ended 30 September 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 150 million. This facility is intended to finance the Company's corporate financing and support the execution of its strategic objectives. During the nine month period ended 30 September 2025, the Company has drawn SR 140 million from this facility. This facility is denominated in SR and bear financial charges based on current market interest rates during the period are ranging from 6.80% to 7.09%. The unused balance of this facility as of 30 September 2025 amounted to SR 10 million.

KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

12 LONG-TERM BORROWINGS (continued)

During the period ended 30 September 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 98 million execution of the al Aliyaa project. During the period ended 30 September 2025, the Company has drawn SR 72 million from this facility. This facility is denominated in SR and bear financial charges based on current market interest rates during the period ranging from 7.23% to 7.36%. The unused balance of this facility as of 30 September 2025 amounted to SR 28 million.

During the period ended 30 September 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 305 million execution of the al Aliyaa project. During the period ended 30 September 2025, the Company has drawn SR 30 million from this facility. This facility is denominated in SR and bear financial charges based on current market interest rates during the period is 7.687%. The unused balance of this facility as of 30 September 2025 amounted to SR 275 million.

During the period ended 30 September 2025, the Group has net cash proceeds from the long-term borrowings amounting to SR 599 million (30 September 2024: SR 649 million).

The carrying amount and fair value of the above loans are not materially different.

Maturity profile of the Murabaha facilities

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Period ending 30 September:		
2025	50,000,000	46,035,806
2026	134,615,887	141,176,707
2027	522,560,218	337,590,688
2028	485,930,256	250,533,961
2029	377,701,478	226,128,316
2030	106,200,000	98,668,031
Thereafter	332,000,000	305,677,749
	2,009,007,839	1,405,811,258

Loan covenants

Under the terms of the borrowing facilities, the Group is required to comply with some financial and non-financial covenants and the Group has complied with the covenants throughout the reporting period.

13 SHORT-TERM BORROWING

In continuance to the agreement signed with a local commercial bank during the year ended 31 December 2023 in total amount SR 143 million, the Group signed an agreement with a local commercial bank to provide revolving short-term borrowing amounting to SR 25 million for execution of the branded residence project. During the nine month period ended 30 September 2025, the Group has utilized SR 15 million (31 December 2024: SR 15 million) from this loan. The overall current market interest rate during the nine month period ended are ranging from 6.46% to 6.62%. The unutilized balance of this loan as of 30 September 2025 amounted to SR 10 million (31 December 2024: SR 10 million).

14 PAYABLE TO OTHER UNITHOLDERS OF THE FUND

The Group has a liability payable to the remaining unitholders when an investment fund is consolidated. The liability is initially recognised at the fair value of the units. All subsequent changes in liability are recognised in the consolidated statement of comprehensive income. The liability represents the unitholders' pro-rata share of the fund's net assets in the event of its liquidation. This is determined by way of division of the fund's net assets by the number of units held by other unitholders. The Group holds 68.82% effective shareholding in the Madinah Gate Fund as at 30 September 2025 (31 December 2024: 68.82% effective shareholding). As at 30 September 2025, Madinah Gate

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

14 PAYABLE TO OTHER UNITHOLDERS OF THE FUND (continued)

Fund has total net assets amounting SR 277.5 million (31 December 2024: 227.26 million) and accordingly pro-rata share of net assets to the other unitholders of the fund is SR 69.41 million (31 December 2024: SR 56.82 million).

15 DERIVATIVE FINANCIAL INSTRUMENTS

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Profit rate swap – cash flow hedge	9,983,853	18,647,173

On 5 July 2022, Makarem entered into a profit rate swap agreement (the "Swap Contract"), with a local commercial bank to hedge the future fluctuation in interest rates on its loans. The arrangement has been designated as hedging arrangement starting from 1 October 2022. The Group relies on the management's expert for the valuation of this derivative.

Hedge effectiveness is determined at the designated date of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. The movement in the derivative financial instrument is as follows;

	<i>For the nine month period ended 30 September 2025 (Unaudited)</i>	<i>For the year ended 31 December 2024 (Audited)</i>
At beginning of the period / year	18,647,173	9,061,363
Cash flow hedge loss in fair value recognised in the profit or loss (ineffective portion)	(4,226,391)	-
Cash flow hedge (loss) / gain in fair value recognised in other comprehensive income (effective portion)	(4,436,929)	9,585,810
At end of the period / year	9,983,853	18,647,173

At 30 September 2025, the Swap Contract had a fair value of SR 9.98 million (31 December 2024: SR 18.65 million). Such fair value is included as derivative financial instrument in non-current assets in the interim condensed consolidated statement of financial position.

Cashflow hedge reserve

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
At the beginning of the period / year	2,978,826	(6,606,984)
Cash flow hedges (loss) / gain in fair value recognised in other comprehensive income (effective portion)	(4,436,929)	9,585,810
At the end of the period / year	(1,458,103)	2,978,826

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

16 ACCRUALS AND OTHER CURRENT LIABILITIES

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Accrued expenses	112,447,701	80,408,057
Retention payable	66,731,771	41,827,160
Others	-	2,833,694
	179,179,472	125,068,911

17 REVENUE

	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>30 September 2025 (Unaudited)</i>	<i>30 September 2024 (Unaudited)</i>	<i>30 September 2025 (Unaudited)</i>	<i>30 September 2024 (Unaudited)</i>
<u>Revenue from contracts with customers recognised over a period of time</u>				
Revenue from customers of residential units	84,021,508	33,401,536	194,707,503	33,401,536
Revenue from facility maintenance services	1,579,457	1,380,516	4,648,263	4,612,575
Sales return of a residential units	-	-	(1,448,000)	-
	85,600,965	34,782,052	197,907,766	38,014,111
<u>Revenue from contracts with customers recognised at a point in time</u>				
Revenue from customers of residential units	-	-	-	7,729,013
Sale of land	37,653,980	-	37,653,980	-
	123,254,945	34,782,052	235,561,746	45,743,124
Revenue from operating lease	75,000	75,000	225,000	225,000
Total revenue	123,329,945	34,857,052	235,786,746	45,968,124

As at 30 September 2025, the aggregate amount of transaction price allocated to unsatisfied, or partially satisfied, performance obligations is SR 127.8 million (30 September 2024: SR 60.6 million).

18 ZAKAT

The Parent Company and its 100% owned subsidiaries file a combined zakat return on consolidated basis since the year 2017. The subsidiaries where the Parent Company's ownership is less than 100% are required to file their separate zakat returns. Prior to the year 2017, the subsidiaries were filing separate zakat declarations on unconsolidated basis. The significant components of the zakat base under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, adjusted income, less deductions for the adjusted net book value of property and equipment, investment properties, development properties and any other investments.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

18 ZAKAT (continued)

The movement in zakat provision is as follows:

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Balance at the beginning of the period / year	7,075,215	5,500,461
<i>Provision for:</i>		
Current period / year	5,814,742	4,006,396
Prior years	1,176,771	1,615,159
Total charge for the year recognised in the interim condensed consolidated statement of profit or loss	6,991,513	5,621,555
Zakat paid	(8,987,861)	(7,112,045)
Refund	-	3,065,244
Balance at the end of the period / year	5,078,867	7,075,215

Status of assessments

Parent Company

The Parent Company and its 100% owned subsidiaries have filed the consolidated zakat returns for the years up to 2024 and obtained a zakat certificate valid till 30 April 2026.

During the year ended 31 December 2020, the Zakat, Tax and Customs Authority (“ZATCA”) issued an assessment for the years 2015 to 2018 claiming additional zakat liability of SR 27.76 million and the Parent Company settled SR 1.17 million and objected against the remaining amount. The ZATCA revised the assessment to SR 25.43 million. The Parent Company decided to escalate the case through the General Secretariat of the Tax Committees (“GSTC”) to assign a hearing session to discuss the Parent Company’s objection. GSTC had assigned a hearing session on 31 July 2022 and rejected the objections. The Parent Company filed the appeal to the Appeal Committee for Tax Violations and Disputes (“ACTVD”) on 24 October 2022. During the period ended 31 March 2024, the said appeal for 2015-2018 was concluded satisfactorily in favor of the Parent Company.

Moreover, ZATCA has also issued an assessment for the years 2019 and 2020 claiming additional Zakat liability of SR 11.5 million; the Parent Company settled SR 1,794 and objected against the remaining amounts for which the Parent Company has paid 25% of the claims amounting to SR 2.9 million. For the year 2019 and 2020 ZATCA had issued revised assessment of SR 10.8 million. Accordingly, the Parent Company decided to escalate the case through the GSTC to assign a hearing session to discuss the Parent Company’s objection. During the period ended 31 March 2024, the said appeal for 2019-2020 was concluded in favor of the Parent Company.

ZATCA has issued the final assessments on the years 2021-2022 claiming additional amount of SR 0.7 million. The management is in the process to appeal against the assessments.

Al Garra

Al Garra filed its zakat returns for the years upto 2024 and obtained the necessary zakat certificate valid till 30 April 2026. Al Garra has finalised its Zakat assessments till the year 2018.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

18 ZAKAT (continued)

Amaak

Amaak filed its zakat return for the year 2011 till 2016 and informational returns for the years 2017 to 2024 and obtained zakat certificate valid till 30 April 2026.

Madinah Gate Fund

Madinah Gate Fund has filed its zakat return for the year 2024 and obtained the necessary zakat certificate valid till 30 April 2026.

19 EARNINGS / (LOSS) PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period. As the Company does not have any dilutive potential shares, the dilutive earnings / (loss) per share is the same as the basic earnings / (loss) per share.

The earnings per share calculation is given below:

	<i>Three month period ended</i>		<i>nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit / (loss) attributable to owners of the Company	28,245,734	(8,925,261)	(26,706,538)	(47,621,073)
Weighted average number of shares	339,300,000	339,300,000	339,300,000	339,300,000
Basic earnings / (loss) per share	0.083	(0.026)	(0.079)	(0.14)

There has been no item of dilution affecting the weighted average number of ordinary shares.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

20 SEGMENT INFORMATION

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different line of services and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Real estate development segment represents activities related to developing real estate, economic cities and other development projects in Madinah Al Munawarah, Kingdom of Saudi Arabia.
- Investment segment represents Group's investing activities such as short-term investments, investments held at amortised cost including short-term investment less than three months classified within cash and cash equivalents.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Information regarding the results of each reportable segment is included in this note. Performance is measured based on segment revenues and net (loss) income, as included in the internal management reports that are reviewed by the Group's management.

Selected financial information as at 30 September 2025 and 31 December 2024 and for the three-month and Nine-month periods ended on 30 September 2025 and 2024, summarized by segment, is as follows:

	<i>Real estate development</i>	<i>Investments</i>	<i>Total</i>
Interim condensed consolidated statement of financial position			
<u><i>As at 30 September 2025 (Unaudited)</i></u>			
Investment properties and properties under development	4,679,433,590	-	4,679,433,590
Development properties	95,068,913	-	95,068,913
Investment held at amortised cost	-	124,232,675	124,232,675
Murabaha deposits	-	5,147,000	5,147,000
Total assets	5,245,967,758	129,379,675	5,375,347,433
Total liabilities	2,321,138,256	-	2,321,138,256
<u><i>As at 31 December 2024 (Audited)</i></u>			
Investment properties and properties under development	4,130,441,705	-	4,130,441,705
Development properties	100,099,137	-	100,099,137
Investment held at amortised cost	-	124,772,392	124,772,392
Total assets	4,614,079,328	124,772,392	4,738,851,720
Total liabilities	1,656,061,816	-	1,656,061,816

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

20 SEGMENT INFORMATION (continued)

	<i>Real estate development</i>	<i>Investments</i>	<i>Total</i>
Interim condensed consolidated statement of comprehensive income			
For the nine month period ended 30 September 2025			
(Unaudited)			
<u>Revenues derived from external customers</u>			
Revenue – Overtime	198,132,766	-	198,132,766
Revenue – Point in time	37,653,980	-	37,653,980
Finance income	-	1,640,367	1,640,367
Depreciation and amortization	(2,222,399)	-	(2,222,399)
Zakat expense	(6,991,513)	-	(6,991,513)
(Loss) / profit for the period	<u>(25,784,165)</u>	<u>1,640,367</u>	<u>(24,143,798)</u>

For the nine month period ended 30 September 2024
(Unaudited)

<u>Revenues derived from external customers</u>			
Revenue – Overtime	38,239,111	-	38,239,111
Revenue – Point in time	7,729,013	-	7,729,013
Finance income	-	1,619,138	1,619,138
Depreciation and amortization	(2,366,442)	-	(2,366,442)
Zakat expense	(3,400,130)	-	(3,400,130)
(Loss) / profit for the period	<u>(49,505,361)</u>	<u>1,619,138</u>	<u>(47,886,223)</u>
	<i>Real estate development</i>	<i>Investments</i>	<i>Total</i>

**Interim condensed consolidated statement of
comprehensive income**
For the three month period ended 30 September 2025
(Unaudited)

<u>Revenues derived from external customers</u>			
Revenue – Overtime	85,675,965	-	85,675,965
Revenue – Point in time	37,653,980	-	37,653,980
Finance income	-	560,934	560,934
Depreciation and amortization	(667,466)	-	(667,466)
Zakat expense	(244,159)	-	(244,159)
Profit for the period	<u>27,493,708</u>	<u>560,934</u>	<u>28,054,642</u>

For the three month period ended 30 September 2024
(Unaudited)

<u>Revenues derived from external customers</u>			
Revenue – Overtime	34,857,052	-	34,857,052
Finance income	-	539,718	539,718
Depreciation and amortization	(306,775)	-	(306,775)
Zakat expense	3,065,244	-	3,065,244
(Loss) / profit for the period	<u>(9,534,829)</u>	<u>539,718</u>	<u>(8,995,111)</u>

KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

21 CONTINGENCIES AND COMMITMENTS

As at 30 September 2025, capital and consultancy expenditures contracted by the Group, but not incurred on that date were approximately SR 1,201 million (31 December 2024: SR 923.35 million).

22 FAIR VALUE MEASUREMENT

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:

- 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement techniques and key assumptions used for investment properties are consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2024. There have been no material changes in valuation assumptions during the period ended 30 September 2025.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- 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.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period ended 30 September 2025.

Cash and cash equivalents, trade receivables, contract assets, investment held at amortised cost are measured at amortised cost.

Derivative financial instrument measured at fair value through other comprehensive income using the valuation techniques (Level 2). The valuation techniques applied by the counterparty include the use of forward pricing standard models using the present value of the estimated future cash flows based on observable yield curves.

Profit rate swap transactions usually involve two counterparties, a firm (or other entity) and a financial institution. The most common type of contract requires one counterparty to pay a fixed interest rate for the term of the contract, while the other counterparty pays a variable interest rate for the same term. Therefore, the fair value of the assets shall reflect the non-performance risk, risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by management. All these contracts have been designated as level 2 in the financial statement.

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

At 30 September 2025 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

22 FAIR VALUE MEASUREMENT (continued)

Borrowings, trade payables and other current liabilities are measured at amortised cost. Payable to other unitholders of the Fund are measured at fair value using the valuation techniques (Level 3).

The carrying value of all the financial assets and liabilities classified as amortised cost approximates their fair value at the end of the reporting date.

23 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks which mainly include market risk (including interest rate risk and price risk), credit risk and liquidity risk. The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and therefore, should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024. There have been no changes in the risk management policies since the year end.

24 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been authorised by the Board of Directors on 10 November 2025, corresponding to 19 Jumada Al-Ula 1447H.